

Ankara Lays Charge Of Treason On Ocalan

Closed-Court Ruling Means Kurdish Leader Faces Death Penalty

By Stephen Kinzer
New York Times Service

ISTANBUL — The Kurdish guerrilla leader Abdullah Ocalan, who was captured in Kenya last week, was formally charged Tuesday with treason, a crime that can carry the death penalty.

There have been no executions in Turkey since 1984, but popular sentiment here appears to favor capital punishment for Mr. Ocalan. He has for years been portrayed in the press and official statements as a horrifically evil figure and is widely held responsible for all of the estimated 30,000 deaths that his 14-year rebellion has cost.

Under Turkish law, all death sentences must be confirmed by a vote of Parliament. In the present climate, there seems little doubt that Parliament would vote overwhelmingly to confirm such a sentence applied against Mr. Ocalan.

The court session Tuesday at which Mr. Ocalan was charged was held before a single magistrate at the prison island of Imrali in the Sea of Marmara southwest of Istanbul. Mr. Ocalan has been held there in isolation since his return to Turkey a week ago.

The session was closed to the press and public.

The European Union appealed Monday for permission to send observers to Mr. Ocalan's trial, but Turkey reiterated its earlier refusal Tuesday. "The EU's idea of sending observers to the trial means to oppose and encourage interference in the independent judiciary," the Foreign Ministry said. "This attitude, which is against the principle of a state of law, is not acceptable."

The statement said observers not connected to organizations might be admitted to the trial. It said presiding judges would decide on individual cases.

No date has been set for the trial. Foreign lawyers for Mr. Ocalan have been prevented from entering the country, but several Turkish lawyers active in human rights groups have accepted requests from his relatives to form a defense team.

Clashes between army units and guerrillas loyal to Mr. Ocalan have continued since his arrest. A military statement issued Tuesday said 14 guerrillas have been killed since Sunday. As is customary, there was no mention of military casualties.

Turkish newspapers reported that Mr. Ocalan has agreed to tape an appeal to his followers to lay down their weapons, but no such tape has appeared. Military officers have said they are planning to drop thousands of copies of a photo showing Mr. Ocalan in handcuffs in front of a Turkish flag over areas where guerrillas are active.

In a report released this week, investigators from the Council of Europe said Turkey had made progress in improving its treatment of prisoners but was still far from meeting ideal standards.

The report, issued by the council's

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Mrs. Albright conferring Tuesday with Jozias Van Aartsen, right, the Dutch foreign minister, and Knut Wold, left, the foreign minister of Norway.

Kosovar Team Accepts Conditional Agreement

Talks to Resume After Albanians Consult at Home

By Joseph Fitchett
International Herald Tribune

PARIS — The Kosovo peace conference in France was suspended Tuesday until March 15, with the ethnic Albanians and the Serbian authorities in stark disagreement with the major elements of a settlement that the United States and other outside powers sought to impose.

Pacing complete deadlock when the official negotiating deadline came and went in mid-afternoon, Western officials were spared from announcing failure when the ethnic Albanian delegates finally agreed to spend two weeks weighing the political blueprint for an autonomous Kosovo in Serbia.

That outcome amounted to "real progress," according to Secretary of State Madeleine Albright, who had taken personal charge of the talks.

"The Kosovo delegates have now said that they will sign in two weeks, and it's normal for them to proceed with consultations at home because they're starting to play by democratic rules of the type that don't exist for the Serbs," said the State Department spokesman, James Rubin.

If the Kosovars sign, he said, "we'll have the NATO air trigger" back in two weeks to compel Serbian acceptance of a North Atlantic Treaty Organization peacekeeping force in Kosovo — a step opposed by Belgrade. Officials said that

a conference to seal the accord would convene in France.

Mrs. Albright was deprived of her strongest card against Mr. Milosevic — the threat of NATO air strikes — when the ethnic Albanians refused to sign the agreement Tuesday.

As a result, Mr. Milosevic emerged unscathed from yet another international confrontation.

Mr. Rubin acknowledged that Mr. Milosevic might have been temporarily

In Serbia, Mr. Milosevic is perceived as the winner in the Kosovo talks. General Wesley Clark faces a new peacekeeping role. Page 5.

elated by the difficulties in the talks, but he said that Mrs. Albright had "really turned it around" in the final hours.

A measure of the relief emerged when an official confirmed that "we feel 100 percent better than last night" when there were fears of outright failure.

The results of the 17 days of talks at Rambouillet, southwest of Paris, were also defended by the negotiations' co-chairmen, Foreign Minister Hubert Vedrine of France and also Foreign Secretary Robin Cook of Britain, who said: "Today is not the end of the process but only the end of Phase One."

But the Kosovars' grudging last-minute consent to consider a settlement fell far short of the political break-

through that Western officials had expected and could put fresh strains on the U.S.-led consensus on Kosovo that has emerged in the last six weeks.

Mrs. Albright's comments — describing the peace plan for NATO-policed autonomy as "the best deal either side could hope to achieve" — reflected frustration over the Kosovo delegation's refusal to accept the proposed political settlement.

It provided for self-government for three years but stopped short of offering independence, a political impossibility for Mr. Milosevic.

This record left doubts about the sincerity of the Kosovo delegation's promise to sign. The ethnic Albanian guerrillas who resisted the political package during 17 days at Rambouillet, a diplomat said, seemed unlikely to warm to the idea back in their home surroundings, amid ever-present reminders of Serbian repression.

Despite the lack of agreement, Kosovo seemed unlikely to see a quick resumption of major hostilities or of Serbian atrocities against the civilian population, NATO officials said, explaining that allied warplanes remained poised for punitive air strikes if Serbian troops or paramilitary forces went on the offensive again in the embattled province.

But the outlook remains as explosive as ever, the diplomats said, pointing to

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Blair Starts Britain on Path Toward Using Euro

By Tom Buerkle
International Herald Tribune

LONDON — Prime Minister Tony Blair on Tuesday sent the clearest signal yet that he intends to take Britain into the single European currency, unveiling a provisional blueprint for converting the British economy from the pound to the euro.

The plan includes significant government spending on preparations, even before the question of membership is put to Britons in a referendum.

The plan stopped short of committing the government to entering the euro zone or bringing forward the timetable for a decision, which Mr. Blair reiterated would be taken by referendum sometime around the year 2001 or 2002.

But the fact that the prime minister took it upon himself to present the blueprint to the House of Commons, and urged business and government agencies to accelerate their preparations for a new currency, was intended to demonstrate Mr. Blair's determination to join the euro as long as it proves successful, senior aides said.

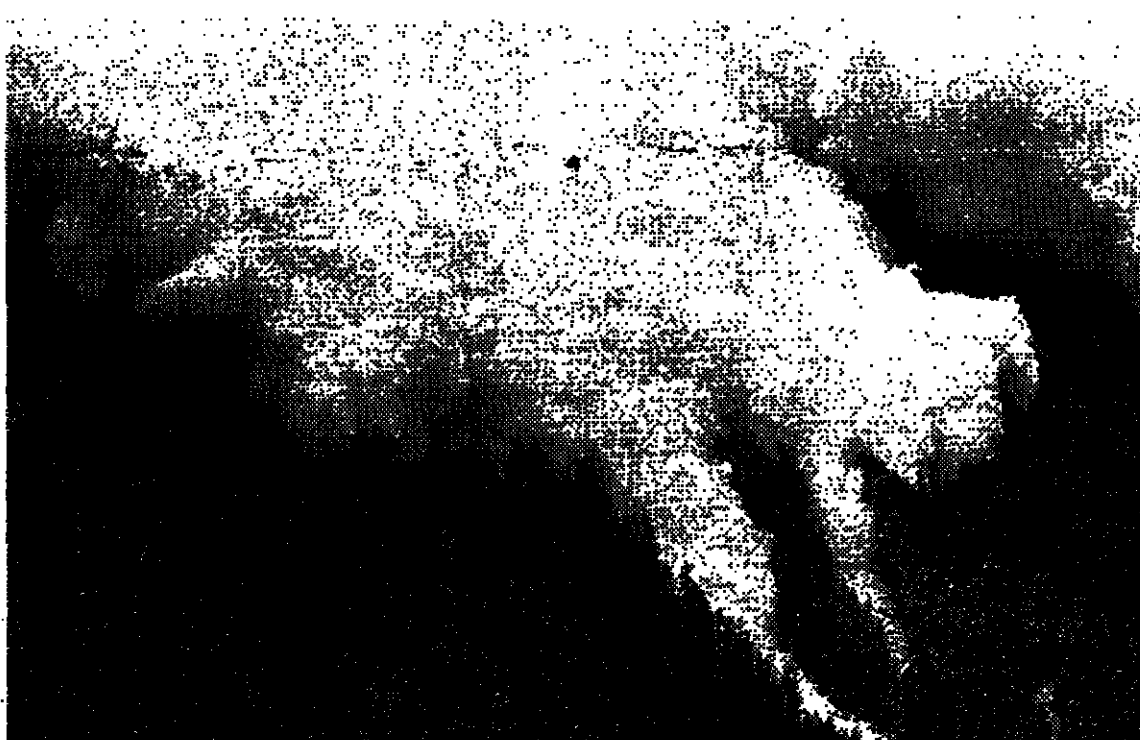
"The government itself will be making active preparations for the euro in the belief that it will be in this country's interests to join in the future should our economic tests be met," Mr. Blair told the House of Commons. "Business should start to do the same."

Mr. Blair's statement drew attacks both from hardened opponents of the euro, who accused the government of trying to push the nation into the single currency without a proper debate, and supporters of early entry, who wanted a

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Avalanche Smashes Austrian Town, Killing 7

Compiled by Our Staff From Dispatches



At the Swiss resort of Evolène, an avalanche left a deadly white wake as it rumbled down the mountain. Two other avalanches hit the ski village, killing three people and leaving seven missing.

INNSBRUCK, Austria — An avalanche roared into a small town in the Alps in western Austria on Tuesday, reportedly killing at least seven people and leaving about 35 missing.

At least 20 people, some of them critically injured, had been rescued by early evening, Austrian television said. The report said seven bodies had been recovered and estimated that 35 people remained buried as night set in.

The snowslide in Galtür, a town in the Paznaun Valley in Tyrol Province, struck in the late afternoon. Countless avalanches have been roaring down Alpine slopes in recent days, stranding thousands of tourists in the worst snow chaos in the Alps in years.

"We were drinking hot mulled wine when suddenly it started," Franz Wenko, a hotel operator in the town, told Austrian television. "The lights went out. It was dark. There was only dust and snow. We got out of there as fast as we could."

Major Wartak, an Austrian Army officer who declined to give his first name, said it was assumed that the other missing people were trapped in houses that had been buried in the avalanche. He said they had a better chance of surviving than those caught in the open, where the weight of the snow soon suffocates them. In the wreckage of houses,

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Euro Health Depends on Budget Pact, Bonn Says

By John Schmid
International Herald Tribune

BONN — German officials warned Tuesday that the already wobbly euro could fall further and spark a "crisis" if European Union leaders failed to agree by March on a reduction of EU farm and regional aid spending.

The German government, which holds the rotating EU presidency, is planning to use an informal gathering of

EU leaders Friday in Bonn to warn of economic and financial fallout if national interests block an overhaul of the budget of the 15-nation bloc, officials said as they laid out Germany's plans.

"Markets will think the European leaders cannot pull their act together," said one official, who like the others spoke on the condition of anonymity.

The comments helped to drive the euro down sharply Tuesday. Conceived as a strong, world-class reserve cur-

rency, it has eroded almost steadily since its Jan. 1 inauguration, trading at \$1.0992 Tuesday in New York from its early January high of just over \$1.18.

One official said that, in a worst-case scenario, a slumping euro could force the European Central Bank to tighten credit to defend the currency just as a rapid economic deceleration was pressuring the ECB to ease interest rates.

Oskar Lafontaine, the German finance minister, heaped pressure on the

ECB to cut rates in Parliament Tuesday, warning that deflation could take hold if interest rates were not cut soon to stimulate growth. "There is a need to act" on interest-rate policy, he said.

Tensions will accompany the informal summit meeting Friday in Bonn even without fears of a currency crisis. In Brussels, farmers from across the EU staged their second day of mass protests

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The Dollar			
	New York	Tuesday @ 4 PM	previous close
Euro	1.1007	1.1037	
Pound	1.615	1.6278	
Yen	120.92	120.9	
DM	1.777	1.7728	
FF	5.9588	5.9432	
Dollar price per unit			
The Dow			
	Tuesday close	percent change	
Dow	9,544.42	-0.06%	
S&P 500			
	1,271.18	-0.06%	
Nasdaq			
	2,374.47	+1.39%	
Books			
Crossword	Page 10		
Opinion	Pages 8-9		
Sports	Pages 18-19		
The Internet			
The Internet: www.ihb.com			

Newsstand Prices		
Andorra	10.00 FF	Lebanon
Antilles	12.50 FF	Morocco
Cameroon	1.800 CFA	Qatar
Egypt	5.500 FF	Réunion
France	10.00 FF	Saudi Arabia
Gabon	1.100 CFA	Senegal
Italy	3.000 Lire	Spain
Jordan	1.250 JD	U.A.E.
Kuwait	700 Pils	U.S. Mail

U.S. to Bar Satellite Sale

In Shift, Security Concerns Kill Deal With China

By Jeff Gerth and David E. Sanger
New York Times Service

WASHINGTON — Swayed by criticisms that commercial satellite deals with China could threaten national security, the Clinton administration has decided to reject the sale of a \$450-million satellite to a consortium with close ties to the Chinese government, senior officials here said.

The decision Monday casts considerable doubt on the future of satellite sales to the Chinese and reverses the policy, in effect for several years, of promoting commercial satellite deals with China. The United States championed the transactions to help American business and exports and to help China make technological advances.

But in the last several months, the administration has faced a barrage of investigations and official reports that have called the satellite sales and associated expertise a threat to American

security and a boon to China's military capability. The findings have indicated that the program of satellite sales might have given the Chinese the scientific expertise to improve their missile-launching capacity.

Disapproval of the deal is likely to be another sensitive issue raised next week when Secretary of State Madeleine Albright visits China as relations erode over other issues like human rights and trade.

The decision came after the Defense and State departments objected to allowing China to launch the satellite. The Commerce Department favored the sale, but the State and Defense departments overruled it, concluding that the technology to place the satellite in orbit would help the Chinese military make its intercontinental ballistic missile fleet more accurate.

The deal involves a Hughes Electronics Corp. satellite designed to set up

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AGENDA

Texan Convicted In Racist Killing

The Associated Press
JASPER, Texas — A white supremacist was convicted of capital murder Tuesday for chaining a black man to a pickup truck and dragging him to his death. John William King was the first of three men to be tried in the slaying. Mr. King now faces either life in prison or execution.

Greenspan Praises U.S. on Economy

Americans "can justifiably feel proud" of their economy, and it should remain solid this year, Alan Greenspan, chairman of the Federal Reserve Board, said Tuesday.

He cautioned, however, that a stock market sell-off and renewed inflation were still potential dangers. Page 11.

North Korean Desperation

Reports of Executions to Halt Hunger Crimes

By Don Kirk
International Herald Tribune

DONGSUNG, China — North Korea is increasingly turning to public executions to try to curb a rampant crime wave — ranging from murder and cannibalism to smuggling and robbery — by people desperate for food, according to refugees from the starving country.

Refugees, interviewed in this village about 15 kilometers (10 miles) west of the North Korean border and elsewhere in the region, reported a countryside pattern of summary public trials and executions, usually by shooting but occasionally by hanging.

Without exception, the refugees reported they had witnessed several — in some cases as many as a dozen — executions.

They said that the pattern of executions is the same: The prisoners, already half-dead from beatings, are dragged, bound and sometimes gagged, in front of a security official.

While several thousand people watch silently, the official reads the charges against the prisoners over a loudspeaker and asks if they admit their guilt. They nod or mumble, "I admit," and then are shot.

"For one prisoner, there are three riflesmen each. They line them up and shoot at the same time. One shoots three times in the head, the other three times in the chest, the third, three times in the stomach."

Other refugees, ranging from children begging in marketplaces to workers roaming the Chinese countryside in search of odd jobs and handouts, say that the prisoners' offenses include theft, cannibalism and murdering chil-

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American Monsters / Square Feet, Firmly Planted

Inflation Under Control, Except in the Size of Houses

By William Booth
Washington Post Service

SANTA MONICA, California — First there was that little Beach Bungalow. It disappeared. Then the cozy Craftsman down the street, fed into the maw of the demolition Dumpsters.

"Oh, my," Doris Sosin thought. "What's happening here?"

Then the gracious Spanish in need of some loving care was bulldozed and replaced by a 6,000-square-foot (557 square meters): a two-story, neo-Mediterranean, pink stucco palace as big and boxy as an apartment complex, bulging to the property line with five bedrooms, six baths, a nanny suite, home gym, two offices, underground parking and those soaring entry foyers that announce like nothing else that the new owners have arrived.

Ms. Sosin learned a new and unflattering term to describe a phenomenon occurring across the nation: Her neighborhood was being invaded by "monster homes."

She vowed to stop it. And she is not alone.

The American resort towns of Aspen, Colorado; Park City, Utah; Jackson Hole, Wyoming; and Palm Beach, Florida, all have limited the size of new houses. Similar ordinances have passed or are being batted about in Sarasota, Florida; Oakland, Seattle; Dallas and a dozen other locales.

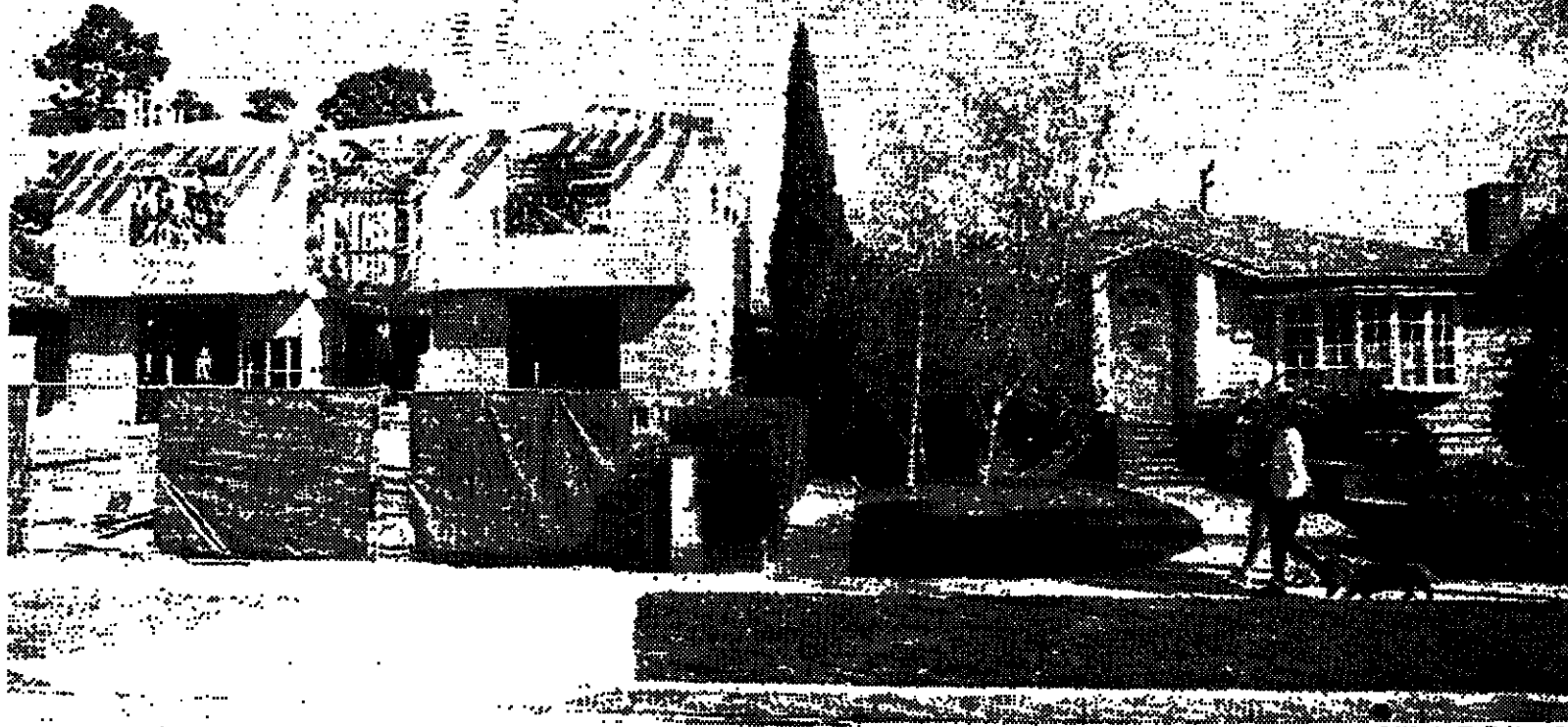
The debate touches on one of the most personal and telling of choices: In an age of greater affluence and changing family dynamics, what should the American home be like?

And how big is too big in the land of the free and of zealously guarded property rights, where one family's dream home is a neighbor's worst nightmare?

"There is an ongoing explosion in the size," said Robert Stern, the new dean of the School of Architecture at Yale University. "Houses keep getting larger and larger and larger."

"It is a return to the kind of house once reserved for the very rich," said Mr. Stern, who has designed his share of large houses. "But now the middle class also expects quite a big house."

Today, the megahouse is building more megahouses in the United States than ever before. Fueled by the bull market on Wall Street and low inflation, the market for the truly large house is exploding among technologists in Silicon Valley, lobbyists in suburban Washington and dentists in Dallas. Houses so big they make Mount Vernon look quaint. Single-family houses so spacious that their builders compare them to entire Tuscan villages.



Residents in Santa Monica, California, walking their dog past an older home that is about to be 'mooned' by the house under construction next door. New minmansions in the beachside town bulge to the property line with multiple bedrooms and even more baths — plus home gyms, and those soaring entry foyers that announce like nothing else that the new owners have arrived.

Bill Gates erected himself a 40,000-square-foot house in Medina, Washington, and why shouldn't the richest man alive be able to do so? Ira Rennert, an industrialist, got a tut-tut in The New Yorker for building a 42,000-square-foot house in Sagaponack on Long Island. Prince Bandar bin Sultan, the Saudi ambassador to the United States, built before new regulations were in place and went for 55,000 square feet in Aspen — just about the size of the White House.

But, as Mr. Stern points out, many in the upper-middle and middle classes want the "minimansion" too.

Where the American middle classes once were content to move out of stuffy tenements and narrow row houses and into tract homes in the newly created suburbs, the houses of the post-World War II generation feel cramped to many new families: lightless places with galley kitchens and no place for the television, which had not been invented when they were built.

Even in Levittown, New York, smaller houses are being converted to minmansions rapidly.

"You don't replace old things," Mr. Stern said. "You add. You have a phone? You get a fax machine. But now you need a computer, because

you get e-mail. In the home office. All this takes more space.

"People want a bathroom for every child. Then they discovered, perhaps in hotels, two sinks in the bathroom. Brushing teeth in rhythm. You gotta have that. Plus a bathtub combo, a separate shower and tub," he said. "But not any tub. A tub you could launch a flotilla in."

AMERICANS NOT ONLY have more things and need more space for them, but houses are used differently.

They are home offices now, for many. With women in the work force, nannies and baby-sitters are needed, and so are rooms for live-in help. Many children of the middle classes don't play down the block anymore; they are shuttled to gymnastics and Tae Kwon Do, and so yards are shrinking to provide more indoor space for video games. The smaller the yard, the smaller the upkeep, and many homeowners don't have the time or desire anymore to mow their own yards.

But what makes a big house a monster home? Like pornography, it seems to be in the eyes of the beholder. People think they know it when they see it.

Critics of gargantuanism call the houses blockbusters, Wal-Mart, starter castles and trophy homes; they decry them as "houses on steroids" and "houses with thyroid problems."

When a really big house is built next to a smaller one, overpowering its diminutive neighbor, it is said to be "mooning."

But the trend toward bigness also has its roots in economics. Sarah Susanka, a Minneapolis architect and author of "The Not So Big House," maintains that when owners decide to rebuild a teardown or make additions, real-estate agents and builders convince them that the most bang for the buck is added square footage. If you're going to add some space to a galley kitchen, why add 200 square feet when you can add 800? It does not add much to the cost of construction but may increase resale value.

Ms. Susanka contends that this can lead to a bad decision.

"I've never had a client tell me they want a big showy home. But that's what many people are buying, and I'm finding a lot of megahouse disappointment out there. It's not what they expected. It's too much house."

In the Santa Monica spat, the com-

munity struggling with the issue is in the "north-of-Montana Avenue" neighborhood, the poshest area in this beachside town.

Doris Sosin's newly formed group of homeowner activists has succeeded in placing a temporary limit on the girth of homes, and a full-blown ordinance is being debated vigorously.

Another neighborhood association, Citizens for a More Beautiful Santa Monica, was formed recently to fight these opponents of megahouses.

"The problem here is they want to regulate taste, and that is a very emotional issue because you're talking about your home," Amy Goldberg, one of the group's founders, said.

Ms. Goldberg believes that, within reason, property owners should be able to build the kind of house they want. It is, after all, their money and their home.

She explained the drive to expand.

"People have two and three kids," Ms. Goldberg said. "You want each to have their own bedroom. So that's four bedrooms, with the master. I need five, because when my relatives come, they stay with us. You need a home office."

"You need this and that," she said.

Experts Urge New Therapy For Cancer Of the Cervix

By Denise Grady
New York Times Service

NEW YORK — Cancer experts are recommending a major change in the treatment of advanced cervical cancer, urging that chemotherapy be added to the standard treatment: radiation. The recommendation is based on five new studies showing that the combination reduces death rates from the disease by 30 percent to 50 percent.

Officials at the National Cancer Institute announced the findings on Monday and said they were mailing the new recommendation to 20,000 cancer specialists worldwide in a "clinical announcement," only the fourth such notification in the past 10 years. Such announcements are used to alert doctors to important advances in treatment.

The five new studies will not be published in medical journals until later this year, but the journal editors agreed it was imperative to release the information early so that it could be used to help patients now being treated. The New England Journal of Medicine, which will publish three of the papers in April, has already posted them on its Web site.

The new findings apply to women with cancers classified as "locally advanced" or "invasive," meaning that the tumor on the cervix is large or has spread to nearby lymph nodes or other parts of the pelvis. About 25 percent of women with cervical cancer in the United States fall into that category. An estimated 12,800 new cases of the disease are expected in 1999.

The recommendation for combined treatment does not apply to women with earlier stages of the disease, who do not need such aggressive therapy, or to women with cancer that has spread beyond the pelvis, who are considered unlikely to benefit. They also do not apply to women who have already completed a course of radiation treatment.

"This is the first substantive change in the treatment of advanced cancer of the cervix in 40 years," said Dr. Mitchell Morris, who studied the combination treatment at the University of Texas M.D. Anderson Cancer Center in Houston.

Dr. Edward Trimble, head of the surgery section at the cancer therapy evaluation program at the National Cancer Institute, said: "We think that based on these data the standard of care should change." He said he expected the combination treatment to save thousands of lives a year.

Among women aged 35 to 54, cervical cancer is the fifth leading cause of death from cancer, after tumors of the breast, lung, colon and rectum and ovary.

U.S. Said to Put Spies in UN's Iraq Inspection Teams in 1991

By Philip Shenon
New York Times Service

WASHINGTON — The Central Intelligence Agency began placing American spies on teams of UN weapons inspectors in Iraq only a year after the end of the Gulf war of 1991 and worked closely with the United Nations to organize the inspections, a former arms inspector says.

The former inspector, Scott Ritter, said in a new book that he and a senior CIA official had planned some of the largest and most complex inspections undertaken by the United Nations, and that the UN inspection teams had included "CIA paramilitary covert operators."

He said a coup attempt against President Saddam Hussein of Iraq in June 1996 coincided with the presence of an inspection team that included nine CIA operatives.

Mr. Ritter, who does not provide documentation for all of his conclusions and has been criticized repeatedly by the Clinton administration, speculated in his book that the intelligence agency might

have orchestrated the timing.

The book, "Endgame," supports the Iraqi allegation that the United Nations inspection teams were riddled with American spies almost from the start.

Mr. Hussein has accused Mr. Ritter of being a CIA agent, a charge that he denies.

American officials have acknowledged that the CIA gave assistance to the UN inspection program and provided specialists to work on the inspection teams.

But Mr. Ritter's account seems to make clear that the agency's involvement was far more extensive — and began earlier — than has been previously reported.

The book, being published in April by Simon & Schuster, is harshly critical of the Clinton administration and especially of Secretary of State Madeleine Albright.

She is depicted as having fought strenuously last year to have Mr. Ritter removed from leading an arms inspection team because he was considered too aggressive in dealing with the Iraqis.

The CIA and the United Nations Spe-

cial Commission, or Unscm, which is responsible for the inspection teams, said they had no immediate comment on the book. Galley proofs were obtained on condition that the source not be identified.

The State Department dismissed Mr. Ritter's criticism of Ms. Albright.

"Decisions on Unscm were made by its chairman, Richard Butler," said James Foley, a department spokesman. "Any advice we gave him was based on issues of timing and tactics to maintain support for Unscm in the UN Security Council."

Mr. Ritter provides a detailed description of his work for the United Nations, which began in 1991 and ended last summer when he resigned in part to protest what he described as the administration's meddling in the work of the inspectors.

In repeated interviews since his resignation, Mr. Ritter has alleged that the administration hindered the arms inspections out of fear of direct confrontations with Iraq.

Mr. Ritter says in the book that the CIA became actively involved in in-

spection in 1992, the year after the United Nations began inspections in search for evidence of chemical and biological weapons in Iraq.

In the book, he says he and a senior CIA official, identified by a pseudonym, Moe Dobbs, worked together "to plan the operational and intelligence support for the largest and most complex inspections ever undertaken by Unscm."

Mr. Ritter said that beginning in the spring of 1992, "Dobbs and his men provided seasoned personnel who could operate vehicles, organize logistics, run communications — simply put, the kind of people you want around you in a difficult situation."

The agency played its largest role, he said, in an inspection in June 1996, when nine "CIA paramilitary covert operators" were placed on a team seeking to inspect compounds maintained by Mr. Hussein's elite Republican Guards.

The Iraqis tried to block the inspection, resulting in a standoff that lasted several days and brought swift condemnation of Iraq by the United Nations Security Council.

That same month, Iraqi dissidents staged a coup attempt against Mr. Hussein. The attempt failed, and Mr. Ritter said he later became suspicious of its timing and of the presence of an inspection team that included several CIA employees.

"There was no proof of Dobbs's involvement," Mr. Ritter said, "but there was a strong set of coincidences. The inspection was directed almost exclusively at Special Republican Guard sites; the coup plotters were from some of the same units we were trying to inspect."

The Defense Department, which demanded last week that Mr. Ritter turn over a copy of the book for a security review before publication, would not comment on whether it was considering legal action to block distribution.

U.S. Jets Strike Iraqi Bunker

U.S. F-15 fighter jets dropped precision-guided bombs Tuesday on an Iraqi command and control bunker in the northern no-fly zone in response to anti-aircraft artillery fire, the U.S. military said, Agence France-Presse reported from Washington.

Europe Air Traffic Warned of Delays

Reuters

BRUSSELS — The European air traffic control group Eurocontrol warned on Tuesday of possible delays in flights in Europe from Thursday because of a reorganization of routes over France and Switzerland.

The changes are part of a plan to improve services by increasing the capacity of some routes, Eurocontrol said.

But to implement the changes, flights will have to be reduced for "a limited period as from February 25."

"As a result, delays can be expected," Eurocontrol said. The changes were deliberately being made in February, when seasonal traffic is at its lowest.

Industry sources said airlines had been advised to expect disruption to between 30 percent and 50 percent of flights in northern France, Swiss, Belgian, Dutch and some British airspace between Thursday and March 14.

TRAVEL UPDATE

Cyprus to Open Pretoria Embassy

NICOSIA (AFP) — Cyprus will open an embassy in Pretoria, the capital of South Africa, within the next few weeks to expand the representation provided by its Johannesburg consulate, officials said Tuesday.

Cyprus's ambassador will arrive in March after Nicolas gets approval from Pretoria, said Alecos Shambos, director general of the Cypriot Foreign Ministry.

The decision to open the embassy was made while President Glavkos Klerides was attending the Non-Aligned Movement summit in Durban, South Africa, in November, Mr. Shambos said.

About 30,000 Greek Cypriots live in South Africa, and the country has 150,000 Greek-speakers, he said.

With the embassy in Pretoria, Cyprus will have 27 embassies around the world. Nicolas plans to open a 28th embassy this year in Helsinki.

Monument Reopens in Washington

WASHINGTON (NYT) — Hundreds of people are again visiting the Washington Monument, which had been closed since Oct. 5 while a scaffold was constructed to permit workers to inspect and repair its marble skin.

"Even in the middle of the renovation, it is nice that they let people in," said Shoshana Deitch, a tourist from Jerusalem. Ms. Deitch and the others who stood in line in a chilly wind for 25 minutes were lucky that the monument was open at all, because repairs are a bit behind schedule.

The park service will shut the monument again this year to begin the last phase of the work: renovations of the observation deck and an area with a souvenir shop just below it.

WEATHER

Europe				North America				Asia			
	Today	High	Low		Today	High	Low		Today	High	Low
Algeria	18/24	18	14	Alaska	12/18	18	12	Algeria	18/24	18	14
Belgium	12/18	18	12	Arizona	12/18	18	12	China	12/18	18	12
France	12/18	18	12	California	12/18	18	12	India	12/18	18	12
Germany	12/18	18	12	Colorado	12/18	18	12	Indonesia	12/18	18	12
Italy	12/18	18	12	Connecticut	12/18	18	12	Japan	12/18	18	12
Netherlands	12/18	18	12	Delaware	12/18	18	12	Korea	12/18	18	12
Poland	12/18	18	12	District of Columbia	12/18	18	12	Malaysia	12/18	18	12
Portugal	12/18	18	12	Florida	12/18	18	12	Philippines	12/18	18	12
Spain	12/18	18	12	Georgia	12/18	18	12	Singapore	12/18	18	12
Sweden	12/18	18	12	Hawaii	12/18	18	12	Taiwan	12/18	18	12
Switzerland	12/18	18	12	Idaho	12/18	18	12	Thailand	12/18	18	12
Turkey	12/18	18	12	Illinois	12/18	18	12	Vietnam	12/18	18	12
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THE AMERICAS

Bush Gets Early Nod From Governors

By Dan Balz and David S. Broder
Washington Post Service

WASHINGTON — At least half of the nation's Republican governors are ready to endorse the presidential nomination of George W. Bush and, in a preemptive show of force, may declare themselves in favor of the Texas governor as early as this week.

The unusual mobilization for an undeclared, nonincumbent White House hopeful emerged from a flurry of conversations among the 31 Republican state executives attending the midwinter meeting in Washington of the National Governors' Association.

Three early Bush enthusiasts — John Engler of Michigan, Paul Cellucci of Massachusetts and Marc Racicot of Montana — began sounding out colleagues soon after they arrived Saturday. When they found that more than half of those they contacted were ready to support Mr. Bush, they decided to step up their efforts to reach the rest and convert informal pledges into some kind of statement.

"If 15 or 20 of us sign on, it would show he has a significant base of support," Mr. Racicot said. "It could help him make up his mind to run."

Support for Mr. Bush among the Republican governors comes as no great surprise, for his brother Jeb, the new governor of Florida, and the chief executives of the neighboring states Oklahoma, Louisiana and New Mexico are

part of the group. Others have close ties to his father, the former president.

Mr. Bush has said he will defer a decision on whether to run until the Texas Legislature completes its current session, this spring.

Early polls put Mr. Bush and Elizabeth Hanford Dole, the former president of the American Red Cross, at the top of the prospective Republican field.

At least half of the 31 Republican state leaders voiced their support.

Mr. Bush has said that family considerations could preclude a campaign in 2000, but his wife and teenage twin daughters seem likely to support a run. His staff members are saying they expect him to become a candidate.

For months, Mr. Bush has been actively preparing for a presidential campaign. He has met with domestic and foreign policy experts, prospective fund-raisers and political operatives on a regular basis in Austin.

Delegations of state legislators — in the past month, contingents from California, Iowa and South Carolina — and party officials have been urging Mr. Bush to become a candidate. Such support would give Mr. Bush significant help in Republican primaries next year, particularly against a candidate such as

Steve Forbes, the publishing magnate with a vast personal wealth to throw at a campaign. Republican governors, who control political and fund-raising operations in their states, would be Mr. Bush's most important allies.

Mr. Racicot, who said he had begun urging Mr. Bush to run for president at least a year before the Texas landslide re-election victory in November, said a principal reason so many governors are prepared to support him is his "demonstrated ability to win" all kinds of voters.

"He's strong, he's sensitive to people, he's tough, he's durable," Mr. Racicot said, "and there's a genuine sense of liking him."

The offers of support spanned the ideological range from moderates such as Mr. Cellucci and John Rowland of Connecticut to conservatives such as Dirk Kempthorne of Idaho and Mike Leavitt of Utah.

People familiar with the canvassing said it confirmed that two governors — Don Sundquist of Tennessee and Mike Huckabee of Arkansas — support Lamar Alexander, a former governor of Tennessee. Two others, Kirk Fordice of Mississippi and Mike Johanns of Nebraska, are likely to back Dan Quayle, the former vice president.

Governor George Pataki of New York has started a series of out-of-state speeches and is regarded by the Bush backers as someone who may have presidential ambitions of his own.



John William King, Jr., right, being escorted from the Jasper County Courthouse. He is charged with capital murder in the dragging death of James Byrd Jr.

Grisly Testimony On Racist Killing

Doctor Says Victim Suffered Greatly

The Associated Press

JASPER, Texas — Dragged along a bumpy road by a chain around his ankles, James Byrd Jr. desperately shifted from side to side to ease the excruciating pain and was alive until his head was torn off by a concrete drainage duct, a pathologist testified.

Dr. Tommy Brown was the last of 43 prosecution witnesses to take the stand at the trial of John William King, 24, one of three white men accused of killing the 39-year-old Mr. Byrd last June because he was black.

The defense also rested Monday, after presenting just three witnesses. Closing arguments were scheduled to begin Tuesday.

Prosecutors need to prove that Mr. Byrd was alive when he was dragged in order to prove charges of kidnapping and murder, which together would expose Mr. King, a white supremacist, to the death penalty.

"It's my opinion, while being dragged, Mr. Byrd was conscious and was attempting to relieve the pain and injuries he was receiving," said Dr. Brown, who explained how Mr. Byrd's heels and limbs were ground to the bone.

"I think we all know how much brush-burn abrasions, like if you fall and slide on a surface with your hands — that's very painful — and this would have been very painful to him," Dr. Brown testified. "He would probably swap one portion of his body for the other, trying to get relief as he was being dragged."

Prosecutors say Mr. Byrd was walking home from a party early June 7 when he got a ride from the three white men and ended up scuffling with them. Dr. Brown said Mr. Byrd's fatal injury occurred about two-thirds of the way into the three-mile (five-kilometer) journey, when his head, shoulder and right arm were torn off by a concrete drain pipe at the foot of a driveway.

The pathologist said there was no way to determine whether Mr. Byrd was still conscious when his head hit the culvert.

Mr. King's father and a female relative of Mr. Byrd left the courtroom even before the pathologist testified. Some of Mr. Byrd's family members who stayed cried.

Hours later, the defense rested after calling three witnesses who testified for less than an hour. Mr. King did not take the stand.

POLITICAL NOTES

Wild About Hillary, for Now

WASHINGTON — Privately, at least, many journalists do not really believe that Hillary Rodham Clinton will run for the Senate in New York. This is, after all, a first lady so uncomfortable with reporters that she banned them from her plane on domestic trips during her husband's first term. To think of her going toe-to-toe with the tabloids, or visiting Poughkeepsie and Syracuse, or patiently answering questions about Whitewater or her husband's philandering, is to stretch the imagination.

But no one wants to spoil the fun, so the press has gone wild. Time and Newsweek joined the party with big cover stories Monday. "Not since Colin Powell's book tour in 1995 has so much hype surrounded a candidacy that is likely never to be announced," writes John Fund of the Wall Street Journal.

Cable TV shows that had gorged themselves on Monica Lewinsky are suddenly buzzing about Senator Hillary. "I think that everyone is enjoying keeping this story line going," George Stephanopoulos said on ABC. CNN's Wolf Blitzer said "some serious people out there" want her to be Vice President Al Gore's running mate in 2000. (WP)

This Time, Blacks Like Daley

CHICAGO — In an astonishing turnaround from the bitter racial divisions here a decade ago, Mayor Richard Daley

appeared poised to win a landslide re-election victory on Tuesday with a big share of the black vote. Mr. Daley, who won election in 1989 in the most racially polarized vote in the city's history, is winning more black votes than his black challenger, Representative Bobby Rush, according to polls. Those polls indicate Mr. Daley could win 70 percent of the total vote. In his first successful bid for mayor, he won less than 7 percent of the black vote.

"He's worked assiduously to court the black community," said Don Rose, a liberal political consultant here who has worked against Mr. Daley in earlier campaigns. "And he's done a lot of it with classic Chicago political wiles — deals, jobs. He's made terrific allies." (NYT)

Away From Politics

• Imposing the nation's highest state taxes on tobacco has brought just what supporters sought, a state report found — a sharp decline in cigarettes sold in Alaska last year. (AP)

• More than 10,000 people packed a California shopping mall and nearby streets to protest the hanging of a Ho Chi Minh portrait and communist flag inside a video store. The crowd, mostly waving yellow and red flags of the former South Vietnam, remained peaceful, and no arrests were reported. (AP)

• The rise of video games and the fall of the Berlin Wall, the somber Vietnam Memorial and the playful "E.T." are the things Americans identify with the 1980s, based on public balloting for postage stamps commemorating that decade. (AP)

• Kicking off one of the strictest anti-drunken driving campaigns, New York City police seized the cars of three drivers Monday. Civil libertarians have promised legal challenges to the new policy. (NYT)

New Wine Labels Irk Senator

By David Stout
New York Times Service

WASHINGTON — In a move that may foreshadow a bitter struggle over government policies on alcohol, Senator Strom Thurmond has introduced legislation that would bar new "health mes-

sages" on wine bottles.

Mr. Thurmond, a Republican from South Carolina, said he wanted to reverse the "irresponsible" action of the Bureau of Alcohol, Tobacco and Firearms, which on Feb. 5 approved two bottle labels that encourage consumers to learn about the benefits of drinking wine.

The legislation he proposed Monday also would transfer labeling authority to the Department of Health and Human Services and would raise taxes on wine.

A trade association said the wine industry, which asked for the new labels, would fight the proposals.

"We can argue the merits if it comes to that," said John De Luca, president of the Wine Institute. The new labels invite

people to consult dietary guidelines published by the Departments of Agriculture and Health and Human Services, which warn of the dangers of alcohol but also cite evidence that moderate drinking may lower the risk of heart disease.

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ASIA/PACIFIC

Boycotted Conference Opens

Western Nations Sit Out as Interpol Holds Heroin Meeting in Burma

Agence France-Press
RANGOON — Interpol opened its fourth international heroin conference here Tuesday, despite a boycott by Western critics who assailed the decision to hold it in Burma, one of the world's largest sources of opium.

Officials from both Burma and Interpol, the international police organization, criticized nations including the United States, Britain and France, who stayed away to avoid endorsing Burma's military regime and an anti-drug policy that they consider too lax.

"As two of the largest markets for heroin in the world, the United States and Britain bear special responsibility to

work with the rest of the international community in every way possible," Tin Hlaing, the Burmese home affairs minister, said at the opening ceremony. "Their huge markets fuel a global narcotics trade which threatens to affect many countries in the developing world, including Myanmar."

Nations that refused to attend said their decision was based on disquiet over Burma's anti-drugs policy, allegations of human rights violations there and suppression of the opposition movement of the Nobel laureate Daw Aung San Suu Kyi.

Denmark, Germany, the Netherlands and Belgium were also among boycot-

ting countries.

Paul Higdon, director of Interpol's criminal intelligence unit, said he regretted the boycott.

"I for one, however, regret that a political situation which is viewed by many as a serious problem has held hostage the universally recognized problem of drug abuse," Mr. Higdon said. "I feel there is more to gain through dialogue than through boycott."

Experts say Burma and Afghanistan are the world's two largest opium suppliers, and critics say the government here has not done enough to crack down on narcotics.

The ruling generals reject the claims, saying Burma does its best to fight "evil" drugs but is handicapped by a lack of western investment.

"Everybody in the world, especially those that are involved in conquering narcotics, understands that one country alone cannot fight and be successful," said Burma's top anti-drug official, Colonel Kyaw Thein.

"Everyone has to join hands to fight this drugs menace."

The three-day conference, which attracted 70 delegates from police organizations and nongovernmental groups, will focus on drug trafficking routes, criminal groups and precursor chemicals used to make heroin.

A wave of protest greeted the decision to hold it in Rangoon, home to drug lords such as Khun Sa, the former opium king, who have made immunity deals with the government.

The boycott was a disappointment for the government, keen for vindication of its 15-year anti-drugs plan and bid to shed its image as a "narco-dictatorship" shored up by the spoils of drug cultivation.

Colonel Kyaw Thein said the boycott should be seriously examined, claiming it was motivated by political spite.

Diplomats in Rangoon privately questioned Interpol's decision to hold the conference in the city despite obvious political implications.

Australia, however, refused to join the boycott, sending police officers from Canberra.

Thailand, Burma and Laos, which all have territory in the so-called Golden Triangle opium-producing region, are represented, as is China. The inclusion of those nations is seen as a boost for international anti-drugs efforts that are concentrating on blocking trafficking routes out of Burma and across through China's southern Yunnan province.



Paul Higdon, the Interpol director, second from left, shaking hands Tuesday with Interior Minister Colonel Tin Hlaing as Burma's head of police, Major General Soe Win, left, and Foreign Minister U Win Aung look on.

BRIEFLY

Estrada Says Rebels Imperil Peace Talks

MANILA — President Joseph Estrada of the Philippines called Tuesday for a review of negotiations with Communist rebels following a series of abductions launched by the insurgents.

Mr. Estrada said the government has been faithfully executing confidence-building measures to end the 30-year Marxist rebellion, and he accused the rebels of insincerity.

The rebel actions are "simply unacceptable," he declared.

Mr. Estrada was referring in particular to the seizure of Brigadier General Victor Obillo and an aide, Captain Eduardo Montealejo, in Davao, the abduction Sunday of a police major on the island of Luzon.

Anwar Lays Beating To the Police Chief

KUALA LUMPUR — The jailed former deputy prime minister of Malaysia, Anwar Ibrahim, testified Tuesday that junior policemen divulged to him that one of the men who beat him in his cell on the night of his arrest last autumn was Malaysia's police chief, Tan Sri Abdul Rahim Noor.

Several policemen who visited him in jail confirmed that one of his assailants was the head of police, Mr. Anwar said to an inquiry committee.

North Korea Urging South to Free Spies

SEOUL — North Korea renewed its demand Tuesday for the return of 20 men convicted of spying in South Korea, saying that their repatriation would lead to improved relations.

The demand came a day after South Korea granted amnesty to 1,508 prisoners, including 17 convicted South Korean spies, effective Thursday, the first anniversary of President Kim Dae Jung's inauguration.

"Though belated, we think the announcement is fortunate," the North Korean Red Cross Society said in a letter to its South Korean counterpart.

2 Die in Bangladesh Election Protests

DHAKA, Bangladesh — Two people were killed and at least 100 injured Tuesday in bombings and clashes in Bangladesh as opposition parties endorsed a nationwide strike to block municipal elections, the police and others said.

One man was killed by a bomb in Dhaka and a soldier was killed in Chittagong in crossfire.

5 Killed in Indonesia Religious Riots

Compiled by Our Staff From Dispatches

JAKARTA — At least five people were killed and 12 injured when Indonesian police officers fired on protesting Christians and Muslims on the eastern Spice Island of Ambon, the official news agency Antara reported Tuesday.

The bloodshed came as thousands tried to flee the island, where at least 160 people died last month in sectarian clashes that have subsided and erupted sporadically ever since.

In Jakarta, a senior military officer warned that chronic civil unrest across Indonesia was severely straining the armed forces.

In the latest violence, several bombs exploded early Tuesday in houses in Ambon, the center of religious fighting that has killed 129 people so far this year.

In recent weeks, gangs have assembled crude bombs to use in brawls.

Panicked neighbors blocked roads in two neighborhoods, gang fights broke out and security forces fired into the air to disperse the crowds. Smoke billowed from at least 20 buildings.

Two people were killed, said Lieu-

tenant Colonel Aris Martanto, the regional military chief. Citing witnesses, the Antara news agency put the death toll at five. At least one of the victims died at a hospital of wounds, a paramedic said.

A chief adviser to the military commander, General Wiranto, said the half-million-member armed forces, which includes the police, needed more cooperation from civilians to restore order.

General Wiranto, like many Indonesians, uses only one name.

"It's not completely in the hands of the military," Major General Agus Wirahadikusumah stressed at a business forum here. "If we look at the morale of the nation, we are very afraid."

If every incident of violence is left to the military to solve the results will be difficult, he added.

In past months, many rioters have concentrated their anger on the military, which has been tainted by human rights abuses and its links to the old regime.

However, the armed forces remain the most unified institution in turbulent Indonesia and have vowed to safeguard parliamentary elections on June 7.

The vote is expected to be the fairest in more than four decades.

Military commanders will retain a political role after the vote, but they have agreed to cut their quota of appointed seats in half to 38.

Ambon is the capital of Maluku Province, site of the worst rioting since the downfall of President Suharto. The area is 2,250 kilometers (1,400 miles) east of Jakarta and was known as the Spice Islands in colonial times.

(Reuters, AP)

Australian Wary on Indonesia

Indonesia may learn a lesson from its 23-year-long occupation of East Timor if it wants to keep its other provinces from seeking more autonomy, the Australian foreign minister said in Singapore on Tuesday.

Alexander Downer, who was speaking at the Institute for Defense and Strategic Studies, was commenting on the possibility of Irian Jaya, Aceh or other provinces asking for more autonomy once Indonesia has relaxed its attitude toward rebellious East Timor.



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himself of Jesus Christ, faithful interces-
sor of all who invoke your special patron-
age in times of need. To you I have re-
course from the depths of my heart and
humbly beg you, in whom God has given
such great power, to come to my assis-
tance. Help me in my present urgent po-
sition. In return I promise to make your
name known and cause you to be in-
voked. St. Jude pray for me and all who
invoke your aid. Humbly in need of your
intercession. Amen. Thank you for an-
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EUROPE

Greece Accuses Turkey Of 'Defamatory' Acts

Prime Minister Trades Charges on Ocalan

ATHENS — Prime Minister Costas Karamanlis of Greece accused Turkey on Tuesday of launching a "defamatory campaign" against his country but said that Turkey would not be allowed to deter Greece from its pro-European course.

He was responding to demands by Turkey that Greece be classified as an "outlaw state" for harboring the Kurdish rebel leader, Abdullah Ocalan. Turkish officials have also accused Greece of supporting Kurdish guerrillas.

The prime minister, under pressure for his role in what is viewed as a national humiliation, sought to divert attention from Greece's role in Mr. Ocalan's capture by Turkey to Ankara's record toward its Kurdish minority.

"Turkey is and will be answerable to the international community for its violation of human rights," Mr. Karamanlis said.

He also sought to convince financial markets that the Ocalan affair would not disrupt Greece's march toward Economic and Monetary Union in the European Union.

"No one will stop our course," he said. "No one can destabilize the country."

Greece called in its military and foreign policy planners Tuesday against a backdrop of Turkish fury over the Ocalan case.

President Suleyman Demirel of Turkey accused Greece on Monday of being an outlaw state for harboring Mr. Ocalan, who was captured by Turkey last week after he spent 12 days under Greek diplomatic protection in Kenya.

Mr. Ocalan and his Kurdish Workers Party are viewed as terrorists in Turkey. But many Greeks see their struggle against Turkey as similar to Greece's own a century ago.

Turkey has also repeated accusations that Greece provided more than moral support for the Kurdish cause, with the Turkish daily newspaper *Hurriyet* reporting that Mr. Ocalan had told his captors that Greece provided his rebels with rockets and other arms.

Greece has long dismissed such accusations. On Sunday, a government spokesman, Dimitris Reppas, called them "fabrications."

Turkey "is building up an outside enemy in order to divert international attention away from the basic problem, which is recognition and respect for the rights of the Kurdish people," he said.



A Georgian Kurd wearing a portrait of Mr. Ocalan marching on the Turkish Embassy in Tbilisi to demand a fair trial for the rebel leader.

TURKEY: Ocalan, Kurd Rebel Chief, Is Charged With Treason and Faces Death Penalty

Continued from Page 1

Committee for the Prevention of Torture and Inhumane or Degrading Treatment of Prisoners said investigators had found interrogation rooms "of a highly intimidating nature" in some Turkish police stations, and it asserted that such rooms "have no place in a modern police service."

The committee "can concur with the view advanced by the Turkish authorities that Turkey is moving in the right

direction," the report said.

"However, reaching the desired goal will require a sustained effort by all parties concerned."

The report emphasized that the committee, "retains serious misgivings about the fact that persons suspected of State Security Court offenses are still denied the right of access to a lawyer during the first four days of police custody."

Mr. Ocalan is to be tried before such a security court. These tribunals are presided over by panels that include a

military officer, and some human rights groups have described them as neither impartial nor fair. Turkish officials insist that they are and say that Mr. Ocalan's trial will be above legal reproach.

■ Response to Kurdish Violence

European law enforcement officials met Tuesday to try to coordinate the fight against violent protests by militant Kurds, set off by the capture of Mr. Ocalan. The Associated Press reported from Bonn.

Germany, the focus of the violence last week, called the talks after criticizing foreign intelligence agencies for leaving it in the dark about the arrest.

In the worst violence, three Kurds were killed last Wednesday when they tried to storm the Israeli Consulate in Berlin.

Interior Minister Otto Schily said that the ministers would discuss "improved cooperation within the EU" and with other countries, apparently including Turkey.

Ukraine Expects U.S. Will Return Ex-Premier

Reuters

KIEV — President Leonid Kuchma of Ukraine expects the United States to send back to the former Soviet state Pavlo Lazarenko, the former prime minister who has been charged with large-scale corruption, Mr. Kuchma's spokesman said Tuesday.

"President Kuchma expects U.S. immigration services to extradite Pavlo Lazarenko to Ukraine," Oleksander Martynenko said.

Mr. Lazarenko, who was prime minister in 1996 and 1997, was detained Friday by the U.S. immigration service at Kennedy International Airport in New York for visa irregularities.

The former prime minister has been charged in Ukraine with taking state property worth more than \$2 million. Ukraine's legislature has lifted his parliamentary immunity.

Mr. Martynenko said Mr. Kuchma had confirmed that Ukraine's law enforcement bodies had asked U.S. officials to extradite the former prime minister, who also heads the influential *Hromada*, or Community, opposition party.

Mr. Lazarenko, who also faces money-laundering charges in Switzerland, said the new move was a political action staged by Mr. Kuchma to eliminate him as a political rival.

Mr. Lazarenko was arrested by Swiss police last December as he tried to enter the country on a Panamanian passport. He was later indicted on money-laundering charges and released on bail of \$3 million. He is scheduled to be questioned by a Swiss judge in March.

■ Immigration Interview

Michael Wines of the New York Times reported from Moscow.

Mr. Lazarenko held an expired diplomatic passport and a valid tourist visa at the time of his arrest, said Russell Bergeron, the chief spokesman for the U.S. Immigration and Naturalization Service. But Mr. Lazarenko was detained after immigration officials interviewed him and concluded that he had not come to the country merely for a casual visit, as the rules on visitor visas require.

Mr. Lazarenko left Ukraine on Wednesday. He told Parliament in a written statement last week that he was going to Greece for treatment of a stress-related heart ailment.

It was not clear whether Mr. Lazarenko arrived in New York on a flight from Greece or from some other country. His family apparently was not traveling with him.

By many accounts, all of which he denies, he made millions of dollars in the past decade through schemes ranging from the sale of overpriced goods to the government to a complex deal involving the granting of monopoly franchises to natural-gas suppliers.

What will happen to Mr. Lazarenko next is anything but clear.

American immigration officials are reviewing the circumstances of his attempt to enter the United States to determine whether he is entitled to entry or should be expelled. That process is supposed to be rapid but could easily be tied up by legal challenges, particularly if he decides to seek asylum in the United States.

BRIEFLY

Czechs Arrest 6 Men Wearing Nazi Badges

PRAGUE — Six men armed with World War II German weapons and dressed in Wehrmacht uniforms decorated with Nazi badges have been arrested in a military area in western Bohemia, police said Tuesday.

Jana Tomkova, a police spokeswoman in Rokycany, 100 kilometers (62 miles) southeast of Prague, said the six men, between the ages of 20 and 23, were arrested Sunday night as they drove away from the area, which belongs to the Czech Army.

She said the group, led by a professional Czech soldier, was doing exercises in the area over the weekend. They were detained after police spotted their car on a restricted-entry road.

Miss Tomkova said the six, who named themselves Sturmpionier Battalion 43, were armed with functioning World War II German weapons, including a machine gun.

Mr. Mayor Oreja said he hoped the report was genuine but added that for the moment it was a "theory and the government does not work on theories."

The private television station Tele 5 on Monday cited unnamed sources close to ETA as saying the organization will announce a definitive cease-fire in May as a development of the "indefinite truce" it has observed since Sept. 18. (AP)

British Balloonists Floating Over Chad

LONDON — The British pair bidding to fly around the world nonstop in a balloon were speeding over Chad toward a target of central India by the weekend, their London headquarters said Tuesday.

If they remain on course, they will be able to avoid Iraq, where U.S. and British warplanes regularly bomb Iraqi missile sites.

At 11:30 GMT, Andy Elson and Colin Prescott's Cable & Wireless balloon had just entered Chadian airspace at a height of 25,000 feet (7,620 meters). (AFP)

Spain Is Cautious After ETA Report

MADRID — Interior Minister Jaime Mayor Oreja on Tuesday expressed caution after reports that the Basque separatist group ETA was planning to definitively end its 30-year campaign for an independent Basque homeland in May.

For the Record

A flu epidemic has kept more than 2.3 million people bedridden in France, the National Institute for Health and Medical Research said Tuesday. The number of new cases each week is 988 per 100,000 inhabitants. (AFP)

SNOW: Avalanche Smashes Austrian Town

Continued from Page 1

he said, people have a better chance of finding air pockets.

Ludwig Waller, a ski instructor, told the Austrian news agency APA that the mass of snow that piled down a mountainside into the village was 5 meters (17 feet) high at points. "About 300 people are looking for buried people in the mass of snow," he said.

Galtner had to rely on local rescuers because no one has been able to reach the town since another avalanche blocked the main road leading there and had weather prevented helicopters from flying. Mayor Wartok said.

Thomas Schoenher, a spokesman for the army rescue operation, said authorities would review the situation early Wednesday morning.

"We will meet again at 6 A.M. to assess what we can do," he told Austrian television from the army base at Landeck, at the end of the long valley leading up to Galtner.

A security official in Innsbruck said some of those rescued in Galtner were in critical condition.

The village, which has been cut off for three days, was reported to have one doctor and five police officers. Villagers were helping search for survivors.

The Austrian chancellor, Viktor Klima, was to fly to Innsbruck on Wednesday morning to talk to officials and possibly to fly into the village itself, his spokesman told APA.

Heavy snowfalls have set off a series of avalanches in the Alps in recent weeks, claiming lives in France, Switzerland and Austria. Snowstorms snarled traffic and halted trains Tuesday in Germany.

In northwestern Italy earlier Tuesday, a mass of snow and debris tore through the village of Morgex, killing a 52-year-old woman in her home and injuring several other people. Many of the town's 40 residents said they were sleeping when they heard the snow come roaring down at 6:30 A.M.

Rescue crews said they did not think anyone else was trapped in the snow in Morgex, near Italy's northwestern border with France and Switzerland. APA also reported that a man and a woman were killed Monday when an

avalanche enveloped a mountain restaurant near Gargellen, Austria.

The man was still alive when found, but weather conditions prevented an emergency flight to a hospital, and he died later.

Some 20,000 tourists were stranded in Tyrol and thousands of others in Vorarlberg, the province to the west of Tyrol.

Helicopters flying people out for hospitalization also flew in food and tons of mail, which has been piling up because entire valleys are cut off.

The snow chaos extended far beyond the Alps. Two Czech tourists were missing and feared dead after they were caught in an avalanche Sunday in the Carpathian Mountains in Romania, 325 kilometers west of Bucharest.

And one of the heaviest snowfalls of the century paralyzed travel in western and southern Germany, stranding tens of thousands of passengers at train stations and freezing traffic on the autobahns.

Aachen, on the border with Belgium and the Netherlands, was cut off for hours because of 25 centimeters (10 inches) of snow that fell overnight. Meteorologists called it the area's deepest snow of the century.

Along the swollen Rhine River, meanwhile, the first sandbags were being laid in Cologne as a precaution against flooding.

The water was still more than a meter below flood level but was rising, pushed by melting snow and rain from the Swiss headwaters. Ship traffic was suspended on large stretches of the river.

Swiss officials, meanwhile, said they found the body of a third person who had died in an avalanche in Evolene, Switzerland, on Sunday. Seven people, most of them French tourists, were still missing Tuesday evening.

They said that in the Swiss canton of Valais, avalanches were thundering into mountain valleys every 20 minutes, helped by fresh snow and winds gusting up to 150 kilometers per hour (93 mph).

In Germany, about 80 trains were canceled after the heavy snow and strong winds tore down overhead lines and tossed trees onto the tracks, a railroad spokesman said. (AP, AFP)

Serbian View: Milosevic Is Winner at Rambouillet

By Steven Erlanger
New York Times Service

BELGRADE — The official Serbian media played the ambiguous outcome of the Kosovo peace talks at Rambouillet on Tuesday as a considerable success for Belgrade, and few diplomats here argued the point.

Given the deep fractures within the ethnic Albanian delegation, which required all of Secretary of State Madeleine Albright's attention, President Slobodan Milosevic of Yugoslavia has had to make no irrevocable decisions, despite weeks of intense Western pressure.

Rather than facing the choice of submission to American dictates or getting bombed, Mr. Milosevic now has another three weeks to think through the best outcome for himself and his military.

While Mr. Milosevic's fundamental decisions were only postponed, one senior Western diplomat said, "He will be seen as having outwitted Washington for now, and that will help him at home." Mr. Milosevic has shown himself at least as reasonable as the Kosovo Albanians about a political settlement.

He has not had to adjust his opening position that he

will not allow foreign troops into Kosovo, as an integral part of Serbia, even though he is expected to do so later.

Already, the Serbian president, Milan Milutinovic, has said that the Serbs are ready to discuss "an international presence in Kosovo" to implement the political arrangements when the negotiators reconvene on March 15, and other Serbs have floated ideas that include leaving Western forces with lots of Russians.

Deputy Prime Minister Vuk Draskovic, a recent, more liberal addition to the Belgrade government, said on television Tuesday night that "he has no objection to someone from abroad helping us to implement the deal in Kosovo and helping to disarm" the Kosovo Liberation Army, the insurgency fighting for Kosovo's independence.

Mr. Milosevic and his media are already emphasizing that Kosovo will remain within Serbia and that the ethnic Albanians failed to get any mention of a referendum on Kosovo's future status after the three-year interim period.

Mr. Milosevic will also be able to make the point that the Kosovo Liberation Army, which the Serbs have been fighting, may be rather more stubborn and committed to

independence than Washington appeared to assume.

Mr. Milosevic thus reinforces his reputation as a shrewd tactician and tinker of superpower pretensions. He also avoids an early strain within his own government — especially with the ultranationalist Radical Party leader, Vojislav Seselj, who appeals to those who consider Kosovo the beating heart of the Serbs' nationhood.

Many ordinary Serbs, even those who are sophisticated in Western ways and culture, feel some "shame," as one Serb official said, asking for anonymity, "that it will be in our generation that we will lose Kosovo."

But what most concerns Western diplomats here — and the foreign ministers in Rambouillet — is how hard Mr. Milosevic will push the war against the rebels in Kosovo over the next three weeks. Already, Serbian military and police movements tied to the Rambouillet talks have upset Western officials.

It is this three-week limbo between peace conferences — with the threat of allied air strikes lifted but no armed peacekeepers on the ground — that one Western diplomat here called "the most interesting test yet of whether Milosevic wants to confront the West or find a way to make himself a partner."

NATO's Clark Prepares New Mission

After Bosnia, Commander Readies a Force to Keep Peace in Kosovo

By Craig R. Whitney
New York Times Service

PARIS — General Wesley Clark became NATO's supreme allied commander in Europe in 1997, well after the alliance had begun the biggest military operation of its 50-year history, but it was not the war with invading Soviet forces that NATO was designed to deter or fight.

It was a peacekeeping mission in Bosnia.

General Clark, 54, is a West Point graduate — first in his class — and a Rhodes scholar from Arkansas like his commander in chief, President Bill Clinton.

He could soon be presiding over another NATO peacekeeping mission in the Balkans, in the overwhelmingly ethnically Albanian Serbian province of Kosovo.

On Monday, the general flew to a French air base near Rambouillet, where a conditional accord on a settlement between the ethnic Albanians and the Yugoslav government was reached Tuesday — to explain to both sides what the peacekeepers would do.

A few weeks ago, he was called on to go to Belgrade to explain something else to President Slobodan Milosevic of Yugoslavia. General Clark told Mr. Milosevic what the North Atlantic Treaty Organization could do to his military installations, using the more than 400 aircraft it has ready to strike, if he refuses to accept an accord.

He was prepared to explain to the Kosovo Albanians that if they agree to settle for autonomy instead of the independence for which the rebels have been fighting, 28,000 peacekeepers will try to make sure they get the chance to make autonomy work without fear of Serbian attack.

General Clark knows something about tense military-civilian standoffs, going back to the days of his youth in Little Rock, Arkansas, when the Eisenhower administration sent in the National Guard to enforce desegregation. He honed his own persuasive powers at Oxford University, where he studied politics, economics and philosophy, and at the National War College.

The general has the broad shoulders of the swimmer that he is, and he stands out in a crowd because of his intense energy, expressed in a deep commanding voice with only the trace of an Arkansas accent.

As Richard Holbrooke, the American diplomat who worked closely with General Clark to produce the accord on Bosnia in 1995, wrote in his book "To End a War," "Clark's boyish demeanor and charm masked, but only slightly, his extraordinary intensity."

General Clark wrote the part of the Bosnia peace agreement that provided for the peacekeeping force there. It gives the commander "authority, without interference or permission of any party, to do all that the commander judges necessary and proper, including the use of military force."

Mr. Holbrooke later criticized U.S. military leaders in Bosnia for not using that authority to protect civilians and to arrest people indicted for war crimes by the international tribunal in The Hague.

Whether by coincidence or not, NATO arrested the first such suspect just as General Clark took over as supreme allied commander in 1997. But the biggest names on The Hague's most-wanted list, the Bosnian Serb leaders Radovan Karadzic and General Ratko Mladic, are still at large.

General Clark warns that time is running out in Bosnia. With the clock ticking, he has shown impatience with the lack of progress by the Muslim, Serbian, and Croat communities in Bosnia in

carrying out the peace accord's provisions for allowing refugees and displaced persons to return to their homes.

According to the United Nations High Commission for Refugees, only 550,000 of the 2 million people driven out of their homes by ethnic cleansing and fighting went back in the first three years of peace in Bosnia. Of the 1 million who would be outnumbered by other ethnic groups if they returned, only 60,000 had gone home so far, according to the agency.

Flying into the divided Bosnian city of Mostar recently, General Clark urged military commanders and civilian officials there to work as fast as possible to make sure that as many of the expected 50,000 returning refugees in the area could go back to their homes this year.

"People whose lives have been disrupted for seven years deserve to finally get to go home," he said. "Our goal is that after this year, it will no longer be possible for those who support ethnically separate communities to believe that they can succeed."

To local reporters in Mostar, he said that any new peacekeeping operation in Kosovo would not mean any less effort in Bosnia this year. "We're going to keep doing our job in Bosnia," he said. "It's a different country, it's a different problem and there will be different



General Clark may lead the NATO peacekeepers in Kosovo Province.

troops for that."

But how many peacekeepers will remain in Bosnia next year is uncertain. The United States is reducing its contingent to 6,200 from 6,900, which is already down from about 20,000 three years ago. France and Britain would be hard-pressed to maintain the several thousand troops they each now have in Bosnia while also sending 6,000 and 8,000 troops, respectively, to Kosovo.

KOSOVO: Ethnic Albanians Agree Tentatively to Autonomy Deal

Continued from Page 1

the likelihood that Albanian nationalism will become more virulent, threatening to spread tensions and instability through the Balkans. Mr. Milosevic stands to enjoy a strengthened position in Serbia as a result of the stand-off.

From that perspective, the Rambouillet talks may have backfired on the West, diplomats said, by sapping the diplomatic credibility of the Clinton administration. Mrs. Albright very visibly took charge of the negotiations — and assumed the political risks of success or failure — as the leader of the Contact Group that includes the United States, Russia, Britain, France, Germany and Italy.

It was the United States that insisted on the negotiating approach modeled on the Dayton talks that resolved the Bosnian crisis. By coupling the threat of military action with a negotiating dead-

line, Washington hoped to avoid the pitfalls of protracted diplomacy that enabled Mr. Milosevic to cause so much bloodshed in Bosnia until Serbian forces were bombed by NATO.

In the Kosovo crisis, U.S. policymakers and NATO officials initially proposed air strikes against Serbian targets before convening a peace conference, arguing that Mr. Milosevic would never make concessions until Western military determination had been demonstrated.

European leaders insisted on taking a less forceful approach, reserving military pressure until initial negotiations failed — a situation that Western officials had expected to arise because of Serbian obstinacy. That plan was derailed when the Kosovars balked, at least temporarily, and U.S. efforts will now have problems maintaining a consensus on air strikes.

Defending the U.S. performance, a Clinton administration official said that the deadlock confirmed the grim adage that peacekeeping is rarely possible before fighting has exhausted both sides. "It's the worst dilemma of modern diplomacy: if you intervene too soon, you lack leverage; if you wait too long, the bloodshed and the international outcry are horrendous," he said.

So far, the parties involved clearly were not eager for a deal. The guerrillas in the Kosovo Liberation Army apparently remained convinced that they had more to gain by fighting on for independence than by accepting a compromise.

If the guerrilla leaders lay down their arms, as required in the Rambouillet plan, they might well lose the political prominence that they could expect if circumstances permit them to lead a protracted military struggle against the Serbs.

INTERNATIONAL

Hezbollah Kills 3 Israelis Infiltrating Into Lebanon

The Associated Press

RASHAYA, Lebanon — Hezbollah guerrillas firing machine guns ambushed Israeli commandos in southern Lebanon on Tuesday, killing three officers and wounding five soldiers, the guerrillas and Israeli Army officials said.

Israel retaliated with artillery and attacks by planes and helicopter gunships. Lebanese security officials said Israel confirmed the air raids and said its planes had returned safely.

In Jerusalem, Prime Minister Benjamin Netanyahu called the ambush "a very, very bitter blow for us."

"There is no question that this is a very big toll for Israel," he said, adding that one of the wounded soldiers was a friend of his.

The highest ranking officer killed, a 30-year-old major, commanded an elite paratrooper force, an Israeli Army spokesman said.

The spokesman confirmed the deaths of the major and two lieutenants, aged 21 and 22.

An officer and four soldiers were wounded, one of them seriously, he said.

The fatalities were Israel's first this year in southern Lebanon, much of which Israel occupies as a "security zone" to protect its northern towns from attacks by guerrillas, mainly the Hezbollah group.

The fighting occurred near the village of Meidoun, 17 kilometers (11 miles) west of Rashaya in southeastern Lebanon and about 25 kilometers north of the Israeli border.



A wounded Israeli paratrooper putting down his weapon as he returned from a clash with Hezbollah fighters in southern Lebanon on Tuesday.

Hezbollah said its fighters had intercepted a unit of Israeli commandos on the edge of the security zone as they were trying to enter Lebanon.

The guerrillas fired machine guns and hurled grenades from a range of about 12 feet (4 meters), killing or

injuring 15 soldiers, Hezbollah's statement added. Major General Gabi Ashkenazi, head of the Israeli Army's Northern Command, said the commandos had been seeking to attack the guerrillas, who surprised them and opened fire first.

Clinton Urges a United Approach

The Associated Press

WASHINGTON — President Bill Clinton met Tuesday with the congressional leaders of both parties for the first time in 19 months, promising to work with them despite the partisan bitterness generated by the failed impeachment battle.

"We all took an oath and I think we intend to follow it," Mr. Clinton said, when asked by reporters if they could set aside differences. "We owe it to the American people and I'm looking forward to it."

Mr. Clinton was joined in the Oval Office by Dennis Hastert, the speaker of the House, Dick Armey, the House majority leader, and Trent Lott, the Senate majority leader — all of whom voted to impeach or convict the president. Also present were the House minority leader, Richard Gephardt, and the Senate minority leader, Tom Daschle, who both voted against impeachment, along with the White House chief of staff, John Podesta.

Mr. Clinton met with the leaders to hash out legislative priorities from Social Security to education and to review U.S. policy in Kosovo.

All sides say they are looking for consensus on domestic issues as the president and Congress try to put the impeachment process behind them.

In an address to the Democratic Governors Association on Monday night, Mr. Clinton offered a vigorous defense of his administration's continued involvement in the peace processes in the Northern Ireland, the Middle East, Africa and Kosovo.

"No country turns away from its common values and common humanity even for a moment without paying a price," he said. "Every night I thank God we have a chance to work for peace."

The meeting Tuesday was the first time in 19 months that Mr. Clinton had met with the Republican leaders in Congress. With many Republican lawmakers still snarling from the failed effort to drive Mr. Clinton from office, the session was being seen as a chance to clear the air.

The White House spokesman, Joe

Lockhart, said the president wanted to focus on his fiscal 2000 proposals to overhaul Social Security and Medicare, improve education, and pass a patients' bill of rights and a minimum wage increase.

"I think the president has long said that we need to move forward in a way that best advances the interests of Social Security, Medicare," Mr. Lockhart said. "And I think the way we're going to do that is working with Democrats and Republicans."

Mr. Lott said he would press Mr. Clinton to support plans before a commission reviewing the Medicare program that would revamp the system, which is facing a budget crunch in 2008. Mr. Lott said the overhaul plan was one vote shy of commission approval. He also said he planned to discuss a missile defense system with Mr. Clinton, as well as Republican views on education and Social Security.

John Feehely, spokesman for Mr. Hastert, said education and Social Security were at the top of the speaker's agenda, but that he was also interested in

gauging Mr. Clinton's sincerity. "We want to see if the president is serious about legislating, or if he wants to start the 2000 campaign," he said.

President Lauds Republicans

Earlier, John F. Harris of The Washington Post reported:

With his relations with congressional Republicans still recovering from the searing impeachment trial, Mr. Clinton on Monday praised the more pragmatic approach of Republican governors in remarks that aides said were intended to set a more cooperative tone as Washington's agenda moves beyond scandal.

"I want to work with you," Mr. Clinton told the assembly of the National Governors' Association in a morning meeting at the White House, even as he warned that some people were trying to cast the political debate "in partisan or ideological terms to try to force everyone to take sides." He praised what he called the impressive work of many Republican governors, singling out Michigan's John Engler.

Eritrea Says It Turned Back Ethiopian Tanks at Border

The Associated Press

ASMARA, Eritrea — Eritrea said its forces were engaged in pitched fighting with Ethiopian ground forces Tuesday following an early-morning tank and air assault along the disputed border dividing the two Horn of Africa neighbors.

By midday, Eritrean soldiers had destroyed nine Ethiopian T-55 tanks and captured two others in clashes at the Merib-Sait front, 132 kilometers (80 miles) southwest of the capital, Asmara, the Eritrean Foreign Ministry said.

Ethiopia's ground assault — at the Merib-Sait front — began after Russian-made Antonov warplanes and artillery began bombarding Eritrean positions, the ministry said in a statement.

The attack broke a lull in combat in the area, which had been relatively quiet since the initial outbreak of intense fighting more than two weeks ago, the statement said.

The two countries are contesting part of their 1,000-kilometer border that were never demarcated after Eritrea won independence from Ethiopia in 1993.

In the Ethiopian capital, Addis Ababa, a government spokeswoman, Selome Tadesse, confirmed there was fighting at the front but offered no further details.

An earlier government statement said Ethiopian Air Force planes and artillery had pummeled Eritrean units at two other fronts along the frontier, inflicting what it described as "heavy losses."

The Eritrean foreign minister, Haile Wolde Tensae, called the latest attacks by Ethiopia "a frantic second stab" following what he said was the failure of its air strikes Monday against the Tseona and Merib-Sait fronts.

Tensions between Eritrea and Ethiopia have escalated since last May, when war broke out along the barren, largely uninhabited border and 1,000 people were killed.

Heroin Smoking Up in North America, UN Says

The Associated Press

VIENNA — The UN drug control agency has warned that more and more North Americans are smoking heroin and said Europe has emerged as a producer of cannabis and synthetic drugs.

In its 1998 report released Tuesday, the Vienna-based International Narcotics Control Board said, "Cannabis continues to be the most commonly abused drug in all three countries in North America, with a more potent variety grown in greenhouses in Canada and western parts of the United States."

"Another trend, the increasing purity levels of heroin available in North America, has led to an increase in heroin smoking, especially among young people," the study said. "The market share of heroin from Southeast Asia that is abused in the United States has continued to be displaced by heroin originating in Latin America, while heroin manufactured in Southeast Asia has maintained a predominant share of the illicit market in Canada."

In their report, the United Nations drug controllers also expressed alarm that "on-line do-it-yourself guides that enable their readers to prepare and abuse controlled substances continue to proliferate on the Internet."

In Latin America, efforts made by government and international groups have led to a decrease in areas under coca bush cultivation and the production of coca leaf, the main illicit crop in the region.

"However, reductions in coca bush cultivation in some areas are quickly and easily compensated for by new cultivation sites in other areas," the report said. It urged Bolivia, Colombia and Peru to comply with their commitments to eradicate cultivation sites.

Referring to Europe's growing role as a producer of synthetic drugs, the report said the drug known as "ecstasy" is manufactured clandestinely in Europe and trafficked worldwide.

Americans Prefer 'Uppers'

John M. Goshko of The Washington

Post reported from the United Nations.

The control board's study found that people in North and South America consume large amounts of performance-enhancing drugs and stimulants, commonly called "uppers," while Europeans are the world's top users of so-called "downers," or stress-reducing drugs.

The report notes that there is no clear explanation for the differences in usage between Europe and the Americas. But it speculates that they could be linked to such factors as culture, the effects of advertising and differences in doctor-patient relationships.

Noting the tendency of Americans, particularly in the United States, to make heavy use of a wide range of performance-enhancing drugs, from muscle-building steroids to Ritalin, used to treat attention deficit disorder and hyperactivity in children, the report says such high use "could be at least partly explained by a prevalent sense of com-

petition. Use of these drugs seems linked to culture and lifestyle."

"In the Americas, particularly in the United States, performance-enhancing drugs are given to children to boost school performance or help them conform with the demands of school life," the report says. "They are also taken by adults to achieve the desired body image, boost athletic prowess and social skills or enhance sexual performance."

Use by Americans of stimulants, particularly amphetamine-type substances for dieting and methylphenidate substances, such as Ritalin, amounts to an annual total of 330 million defined daily doses, compared with a total of about 65 million daily doses in all other parts of the world, the report says.

The report finds no evidence that life in Europe is more stressful than in the Americas. Nevertheless, it says, stress-reducing drugs, called benzodiazepines, are used by as much as 10 percent of the populations in some European countries, with people older than 65 the heaviest users.

KOREA: Public Executions on Rise, Refugees Say, to Fight Crimes Caused by Hunger

Continued from Page 1

dren to process their flesh to look like pork.

Although the executions are rarely reported in the press, there is no secret about them, the refugees say.

"They announce them on loudspeakers before the trial," Mr. Park said. "Everybody knows the time and place. Many people gather to watch. It's not mandatory to go, but they make the announcement so often people are anxious to see."

Representatives of aid organizations visiting this region of China reported that they had heard similar stories from many starving refugees.

"The executions are widespread," said Park Ji Hun, coordinator for the Korea Buddhist Sharing Movement, which distributes food and clothing in

the area and has its headquarters in Seoul. "We heard many such stories."

South Korean authorities say they knew that thousands of people had been executed in the North in recent years but had no precise figures.

The government is using public executions because they want to try to stop robbery and bribery, said a spokesman for the National Intelligence Service, the South Korean spy agency. "They think if they allow that kind of thing to go on, they will have more problems. We know it's a campaign of terror."

Not all criminals are executed in public, some refugees say.

"There are open executions, and then there are closed executions," said Kim Myung Goo, 42, who served 10 years in the North Korean Army. "If it's a political criminal, the execution is secret. Political prisoners are accused of slander-

ing people and the party, so it's done secretly. With those political criminals, it's not only he or she who goes to prison or is executed but all the family."

The number of overall executions has been rising steadily, some refugees said, since the one-year period of mourning that followed the death in July 1994 of Kim Il Sung, who had ruled the country since it was founded in 1948.

"For one month after Kim Il Sung's death there were no executions," said a woman who fled from the eastern port city of Hamhung two years ago. "For a year there were very few."

Then, she said, the word spread that Kim Il Sung's son and heir, Kim Jong Il, who heads the all-powerful defense commission and is general secretary of the Workers' Party, had said he wanted to "hear the sound of gunshots again" and stepped up the pace of the killing.

In talking about the executions, none of the refugees, including adolescents so stunted by starvation as to look half their age, appeared especially horrified by what they had seen. They appeared more disgusted by the cannibalism that all of them said was now a common crime.

Park Chul said that he had seen a family of five shot to death in Heijang, a district not far from the Tumen River border with China, because of cannibalism.

The father and mother had been luring small children into their house, he said, drugging them with wine, then strangling them, chopping up their bodies and mingling the flesh with pork, which was then sold on local markets. Executed along with the parents were their three sons, the youngest 12, he said.

Most people had stories to tell about cannibalism — sometimes just rumors, other times based on knowledge and experience.

"I heard many times that people kill people and eat the bodies," said Kim Chul, 16, who is now living in Yangjin.

He said he had seen his first execution about two years ago when his teacher in his village school near the northeastern free trade zone of Rajin and Songbon led his class to the execution ground. "The teacher said, 'Do not commit any crime, come to school and study hard.'"

He said he had last seen an execution Feb. 1, 1998, the day before he fled across the Tumen River on the last of three attempts to escape to China. "There were a man and a woman," he said. "They were executed for escaping to China three times and being returned to North Korea."

North Korea is widely believed to have eased up on the penalties for fleeing the country.

Chinese authorities, under pressure from Pyongyang, have cracked down recently on North Korean refugees; returning them whenever they find them and imposing fines of several hundred dollars on Chinese convicted of harboring them.

The returnees generally are beaten by North Korean guards once they are turned but often are freed after a few weeks in custody, refugees said.

"When Kim Il Sung was alive, when people died, the government provided a coffin," said Kim Chul Soo, who worked in a factory near the port of Hamhung until all the factories were shut. "Now people are just put in the ground. At night people go to the burial of a recent corpse, dig it up, cut it apart, cook it and eat it. It happens. It really happens."

Global Biotech Treaty Hit By Sharp Discord

By Andrew Pollack
New York Times Service

CARTAGENA, Colombia — Negotiations to forge a global biotechnology safety treaty have hit a stalemate here over sharp disagreements between the United States and most developing countries, raising the prospect that the talks could fail.

The talks, which have been under way for more than a week, were scheduled to end late Tuesday, and it is not unusual in such negotiations for breakthroughs to occur at the 11th hour. But several days of intense negotiations have failed to make much headway.

"The protocol is very ill and in the hospital," Rafe Ponera, the deputy assistant secretary of state for environment and development, said Monday.

The Biosafety Protocol, as it is called, would regulate the shipment between countries of organisms that have been altered by genetic engineering. The talks are an outgrowth of the Convention on Biological Diversity reached at the 1992 Earth Summit talks in Rio de Janeiro.

The treaty is aimed at reducing the risk of harmful ecological effects from introducing genes from different species into plants, animals or microorganisms.

The biggest split is over whether agricultural commodities, such as genetically altered wheat or soy beans, should be subject to the most important requirement of the protocol, which is that an exporter receive permission in advance from the importing nation.

Washington, worried that tens of bil-

lions of dollars' worth of annual farm exports could get tied up in bureaucracy or blocked completely, maintains that commodities meant to be eaten or processed should not be covered because they do not enter the environment. From 25 percent to 45 percent of major crops grown in the United States are now genetically modified.

But developing countries say that commodities should be included because they contain seeds that can be planted or can accidentally escape into the environment. They also say there could be health risks from eating genetically modified food.

The European Union, where there is much more concern about genetically modified food than in the United States, also wants commodities included. The United States is allied with five other agricultural exporters: Argentina, Australia, Canada, Chile and Uruguay.

The latest draft of the treaty excludes agricultural commodities from the advanced approval requirements. But the developing nations want to include a provision that would allow individual countries, using the protocol, to require such advanced approval for commodities.

Developing nations are also unhappy that other things have been excluded from the protocol. The latest draft has an exemption for pharmaceuticals and one aimed at organisms used in scientific research.

Another category exempted is products made from genetically altered organisms, which could include everything from corn flakes made from genetically engineered corn or blue jeans made from genetically modified cotton.

TECH: U.S. Rejects Satellite Sale to China

Continued from Page 1

Tracking Control Corp. Hughes officials had sought an expedited review and pressured the administration to approve the deal, according to government documents provided later to congressional investigators.

A change in the satellite's design forced the company to apply for a revised license, and a raft of subsequent investigations into Chinese efforts to obtain American technology helped prompt the administration to reverse its position.

The decision was made while relations between Washington and Beijing are eroding on many fronts, from human rights to economic interchanges.

A senior U.S. official speculated that the Chinese would probably move quickly to obtain a similar satellite from Europe, in part to drive home their ability to circumvent U.S. restrictions and reward non-American competitors.

But it appears unlikely that China could acquire technology as sophisticated as that offered by Hughes. Mrs. Albright is scheduled to visit Beijing next week in connection with a visit to Washington in April by the Chinese prime minister, Zhu Rongji.

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Good News From Lahore

The city of Lahore, in the fertile plains of Punjab, lies along the route of countless ancient military invasions of the Asian subcontinent. It was a fitting place for prime ministers Atal Bihari Vajpayee of India and Nawaz Sharif of Pakistan to pledge a new effort to defuse the tensions that led both to test nuclear weapons last year. Some stirring atmospheres surrounded the renewed dedication by the rival nations to resolve their differences peacefully. But many additional steps will be necessary to reduce the catastrophic potential of a nuclear conflict in this unstable region.

It took courage for Mr. Vajpayee and Mr. Sharif to meet and redouble their negotiating efforts while both are under fire from extremists at home. Mr. Vajpayee's decision to travel by bus across the border and pay the first visit to Pakistan by an Indian prime minister in 10 years was a rebuke to Hindu nationalists in his own ruling coalition who believe that Pakistan has fomented the Muslim rebellion in the Indian state of Kashmir. Mr. Sharif, for his part, had to mobilize the police to put down anti-India rioters during the visit. To translate the cordial expressions of Lahore into achievements, both countries must now work hard to sign a comprehensive nuclear test ban treaty, which they pledged to do last fall.

The weekend discussions in Lahore led to a vague promise of sharing information to prevent an accidental launch of nuclear weapons. The goal has been talked about for years and now has obvious new urgency. But both countries need to go further and reach agreement to stop production of weapons-grade nuclear material, prevent the export of nuclear technology

and halt the deployment of missiles that can deliver nuclear weapons. The United States, which imposed heavy sanctions on India and Pakistan after the nuclear tests, is right to wait for action on these steps before it lifts the sanctions. But Washington has also wisely let the World Bank proceed with some critical loans as a nudge to the dialogue that both countries are engaged in.

As India had wanted, both leaders pledged to discuss economic and humanitarian steps to improve relations. As Pakistan had insisted, both sides agreed to place the disputes over Kashmir, India's only Muslim-dominated state, high on the agenda of their talks. Two of the three wars between India and Pakistan have taken place there, and a large portion of both countries' armies is arrayed along the border.

The Clinton administration has played a constructive role in bringing two suspicious countries together. Deputy Secretary of State Strobe Talbot has held eight meetings with the leaders of each country in the last eight months. But in the end, India and Pakistan must talk about their problems without the prodding of intermediaries.

It was thus especially encouraging that the meeting in Lahore was initiated by Mr. Vajpayee and Mr. Sharif themselves. Many Pakistanis are bound to be impressed that Mr. Vajpayee's trip included a visit to the historic site where Pakistan's founder, Mohammed Ali Jinnah, proclaimed his vision of a Muslim state in South Asia. If the spirit of Lahore can be translated into concrete steps, the way may be clear for the long-deferred visit to the region later this year by President Bill Clinton.

—THE NEW YORK TIMES

Hillary-Mania, Again

There is something familiar about the Hillary-Mania that has overtaken the U.S. media. By virtue of her announcement that she is officially thinking about whether to run for the Senate from New York, Mrs. Clinton has gotten herself on the cover of both Time and Newsweek. She was the obsession of almost all the talking heads in Washington on Sunday and probably half the Saturday night dinner parties in New York City.

It was February 1993 all over again, when the first lady became chairwoman of the Clinton administration's task force on health care. Mrs. Clinton made the cover of Newsweek then, was reported to be a better newsstand attraction than Princess Diana, and made a much-discussed call on Senate leaders that left everyone burling dutifully about her intelligence and knowledge of policy. "She's sharp, she's on the ball and I can't tell you what a real pleasure it is... to be able to sit there and talk about your concerns with her and call her Hillary," reported Howard Metzenbaum of Ohio.

The health care plan's ignominious end, Travelgate, Filagate and other first-term disasters made it apparent that mixing the roles of first lady and administration strategist/lightning rod was not easy.

For many people, the idea of Hillary Clinton for Senate is attractive just because it could allow her to untangle herself from the political side of her marriage and compete for a power base that is all her own. Many women might see a campaign contribution just in the hopes of seeing Mrs. Clinton sworn in on the day that her husband becomes unemployed. She has spent her adult life mainly in the role of supportive wife — albeit in a very modern version of that part. If the president announces that it is now Hillary's turn to shine, and she is to take on the jobs of campaign cheerleader and family breadwinner, even many of the couple's

critics would agree that it's about time.

At this early stage in the political season, our only interest is in encouraging races that will be competitive and enlightening for the voters. Any race involving so well known, knowledgeable and polarizing a figure as Mrs. Clinton would fill those requirements. But if she does decide to run, she will be giving up some of the insulation and deference that go with being a resident of the White House. Her policy speeches will have to become more focused, her relations with the press more open. Her adversarial attitude toward the media might be understandable for a first lady whose marriage has been under such intense and embarrassing scrutiny, but as a Senate candidate she would be expected to be available, and to answer the questions put to her.

The New York media may sometimes get more credit for feistiness than they deserve, but competitive elections in New York are exhausting, high-pressure affairs in which relatively minor mistakes can flare into crises for untested candidates. That was part of the message delivered by Mayor Rudolph Giuliani in his weekend attack on Mrs. Clinton's endorsement of Palestinian statehood. The mayor was saying, with typical subtlety: We'd love to have you play tennis with us. Here's how hard we hit the ball — when we're warming up.

Hillary Clinton is, at this stage, the potential candidate that Geraldine Ferraro wanted to be — a celebrity-queen so powerful that her entrance into the race would unleash a flood of campaign contributions and a respectful retreat by other potential Democratic candidates. Mrs. Clinton can learn from Ms. Ferraro's errors. These days, nobody captures an open Senate seat in New York simply by showing up. At least, no one has done it yet.

—THE NEW YORK TIMES

Other Comment**Stop This Y2K Panic**

A recent national poll showed that more than two out of three Americans believe that Y2K problems will last at least a couple of months. One in four intends to hoard food and water; 16 percent of those polled said they will remove all their money from banks.

The "end of the world as we know it" has become a moneymaking scandal. You name it: long-term storage foods, water, vitamins, generators, otherwise isolated and useless plots of land for so-called survival hideouts. Only the backyard bomb shelter craze

of the 1950s compares. Meanwhile, evidence that civilization will continue afloat. The travel industry, for example, has reported mostly problem-free computer bookings of post-1999 departure and return dates, including 500,000 airline reservations on hundreds of air carriers.

Agriculture Secretary Dan Glickman dismisses the likelihood that Y2K will lead to widespread food shortages. Only one-third of U.S. farmers rely on computer systems, and the computers that are used are mostly for record-keeping.

—Los Angeles Times

Or America and Europe Could Gang Up on Japan

By Robert A. Levine

LOS ANGELES — President Jacques Chirac of France proposes "currency zones" within which the developed economies will manage their exchange rates. U.S. Treasury Secretary Robert Rubin objects. One more trans-Atlantic controversy.

But does the diff involve different economic concepts? Not really. A better description would be different kinds of machinery designed to reach a common objective — economic growth unimpeded by mercantilism.

The two immediate problems for the triangle of wealthy economies — the United States, Western Europe and Japan — are, first, to maintain growth in the face of pressures for slowdown, and, second, Japan itself.

The central function of currency "architecture" is to prevent competitive mercantilism — each nation deflating its currency and slowing down its domestic demand in order to export more and import less. That would kill growth in rich and poor countries alike. In the case of Japan, which has lived by mercantilism for some decades, the immediate task is to keep Japan from trying to solve its depression by spreading it abroad, and then to help it start itself toward self-support.

That is what Mr. Chirac's currency zones are for. And Mr. Rubin has made

clear that his objective, too, is "robust demand-led growth that would contribute, all other things being equal, to currency stability."

One reason for the discussion of new currency architecture is that for two decades currency stability has been given priority over demand-led growth, a reversal of Mr. Rubin's ordering.

Another reason — a problem that contains its own solution — is that European monetary union has changed a fractionated and inherently competitive world currency structure into a three-way oligopoly which can make decisions for the common good.

In the post-World War II beginning, the Bretton Woods agreement avoided fractionated currency competition by creating a well-financed fixed-exchange-rate structure. Growth was the objective; the Depression remained a fresh memory. The chief designer of Bretton Woods was John Maynard Keynes, who in the 1920s had warned against post-World War I tight money, and in the 1930s became the prophet of new ways to combat the Depression.

In the 1970s, Bretton Woods broke down under the pressure of the oil price crises and other events. The fixed rates

that had lasted for the first postwar quarter-century were replaced by a flexible exchange system.

The experience of the '70s led in the 1980s to a heavy stress on anti-inflationary stability; growth slowed and unemployment was kept high. In the first years of François Mitterrand's presidency in the early '80s, France tried to resist this stress and expand its domestic demand; it was forced back into line by its competitors.

The anti-inflationary emphasis was built into the 1991 Maastricht agreement that set the structure for monetary union at the end of the decade. The conservative governments of all the major West European states, backed by their naturally conservative central banks, fought inflation even as unemployment rose to new postwar highs.

In a remarkably short period in 1997 and 1998, however, European politics reversed. Center-left governments, anxious to be more active than their predecessors in encouraging growth and fighting unemployment, came to power in most West European countries. And last Jan. 1, the birth of the euro ended intra-European currency competition and opened the door for the new governments to cooperate in the kind of growth policy that had been impossible for Mr. Mitterrand alone.

That is where France has been trying to go. It is joined by Gerhard Schröder's Germany. Tony Blair's Britain, beginning to turn down, is unlikely to disagree. And while Europe alone would find it difficult to resist competition from the other two-thirds of the wealthy triangle, Secretary Rubin's "robust demand-led growth" makes clear that the Clinton administration wants to move in the same direction.

If Europe and the United States cooperate, coordination for growth is achievable, whether through Mr. Chirac's formal currency zones or under less formal arrangements.

That would leave the knottier problem of the remaining third, Japan. Can currency coordination begin to wean it from mercantilism? Or should Europe and the United States support their own jobs and growth through robust domestic demand?

Or, as the final sanction, might the possibility of a coordinated defense by the United States and Europe bring Japan to consider the restructuring needed for the long run?

These are the real questions.

The writer, an economist and former official in the U.S. executive and legislative branches, contributed this to the International Herald Tribune.

Much to Celebrate in Russia, but Freedoms Are Fragile

By Mascha Lipman

MOSCOW — In 1986, my friends and I were sitting around a kitchen table talking about why we did not believe in Mikhail Gorbachev's perestroika. We had lived through too many propaganda campaigns. O.K., one of us said, what would it take for us to believe that perestroika was real?

Our wildest dreams stretched to a release of political prisoners, a pullout from Afghanistan and an end to Communist Party nomenklatura privileges. None of these seemed even remotely possible.

But that very same year, Andrei Sakharov came back from his exile in Gorky, and thereafter other political prisoners were released one by one. Soviet troops were out of Afghanistan by early 1989. It took until 1991 for the Communist big shots to lose their high status.

Now Communists dominate the Duma, and a former head of the planning agency is the No. 2 man in the cabinet. Just recently, the Duma voted to return the name of Felix Dzerzhinsky, mastermind of the Red Terror, to the square in front of the former KGB headquarters. Is the old system back? Or, as a friend called to ask me, "Are we emigrating yet?"

It is useful to look again at those touchstones that more than a decade ago persuaded us that the absolutely impossible was happening.

Political prisoners? Inconceivable in today's Russia. When we see neo-fascists holding meetings and selling newspapers just like any other political activists, some of us are not so sure it is an entirely good thing. But when three dissidents were convicted in China not long ago for trying to form an alternative party, it sounded al-

most medieval to us in Russia.

In our parliamentary elections this year, several dozen parties are expected to compete. Liberal reformers may have largely lost influence and popularity, but they have free access to the political scene.

Our press varies from liberal to Communist to fascist, with the major newspapers still on the democratic side. Mockery of the government abounds in the papers and on television.

And there is an uncensored choice of books and movies and modern art of the wildest variety. A Communist leader of yesterday would have dropped

dead of anger at such brazen lack of restraint.

Afghanistan? Forget it. Russia's undermanned, poorly armed and poorly trained army disgraced itself even inside Russia, with its defeat in Chechnya. Military expansion is out of the question.

As for privileges for the elite, it is true that the old Communist nomenklatura has every reason to be jealous of today's Russian bureaucrats. But at least one thing is different: The Communist bosses enjoyed their privileges while depriving us of the opportunity.

They could travel abroad, but

we were locked up at home. Today's bosses may grab what does not belong to them, but they could not care less what we read or listen to, or write or talk about, or whether we travel.

Those of us who remember Soviet constraint and oppression can still marvel at the freedoms we enjoy today. Even if none of the contenders for president in the post-Yeltsin era seems very attractive, we still appreciate the opportunity to make a choice — the notion that we will elect our own president and witness the first democratic transfer of supreme power in Russia's history.

Unquestionably, our freedoms are fragile. A serious

threat could come from the next government; none of the main presidential candidates comes across as an ardent advocate of liberal values. But a real setback is as hard to imagine now as real liberalization was in 1986.

Once again we are monitoring our freedoms as a touchstone. My hope is that our kitchen table will not be the only venue of the discussion.

For now, despite the Duma vote, Dzerzhinsky remains in the park of abandoned monuments where he was dumped after his 1991 dethroning.

The writer, deputy editor of the magazine *Izvestia*, contributed this to *The Washington Post*.

Transition for East Timor Needs Planning

By Alan Dupont

CANBERRA — Events in East Timor are moving rapidly after almost 25 years of Indonesian opposition to self-determination. The government of President B.J. Habibie has moved from defense of the status quo to actively examining the possibility of independence for East Timor by Jan. 1, should Indonesia's autonomy proposal for the territory be rejected.

Mr. Habibie should be given credit for having his political courage. However, letting go of Indonesia's troublesome 27th province is not as simple as it might seem. There are still many unanswered questions relating to the timing and nature of the transitional process.

A sudden transition to democracy would almost certainly create more problems than it solved. The East Timorese do not have the skills or resources to take control of their affairs in

such a short time without putting at risk the independence and freedom they have fought so long to achieve.

In theory, Indonesia could wash its hands of East Timor entirely, as many in the Jakarta elite are urging. But studied indifference and neglect are hardly a promising formula for a constructive relationship with a new East Timorese state.

The reality is that Indonesia cannot quarantine itself from events in East Timor. Continuing political instability there would inevitably spread into adjacent Indonesian West Timor and probably beyond.

The two most likely sources of instability are divisions within the indigenous East Timorese population, and between the East Timorese and the Javanese and Buginese migrant commu-

nities that have established themselves since Indonesia invaded the former Portuguese colony in 1975 and annexed it the following year.

There is ample evidence that many East Timorese have yet to be convinced that independence is their best alternative. A small but committed minority of "integrationists" are vehemently opposed to severing ties with Indonesia. Unless opposed views can be reconciled, civil war cannot be ruled out.

Tensions between the Christian majority East Timorese and Muslim Javanese and Buginese have resulted in violence and killings in recent years. If anti-Muslim pogroms were to occur before independence, or after East Timor assumed statehood, public opinion in Indonesia would almost certainly force Jakarta to respond vigorously.

A chronically weak state on its doorstep could provide precisely the kind of opportunities for external power influence and intervention that Jakarta has long feared. Such concern largely precipitated its decision to invade East Timor in 1975.

There is also the risk that East Timor, like many of the micro island states of the Pacific and the Caribbean, could become a haven drug traffickers and money laundering.

Indonesia should start preparing a long-term policy of engagement with East Timor that protects Indonesia's vital national interests but gives independent East Timor sufficient geopolitical space to pursue its own affairs free of coercion or undue outside influence.

First, Jakarta must allow the East Timorese to decide their

own future. To simply declare that East Timor is no longer part of Indonesia by a vote in the Indonesian Parliament denies a future East Timorese administration the political legitimacy which only an act of free choice can provide.

Second, if East Timor chooses independence, Indonesia should accept a transition period of no less than three years and preferably five. This is the minimum period that a new government in Dili would need to establish itself and begin what will be a long and difficult process of reconciling the nascent country's divergent political, ethnic and religious interests.

Third, Indonesia needs to take concrete steps to treat the distrust and hostility that have built up during 25 years of occupation. It has a unique understanding of East Timor and is well placed to contribute to its future economic and political growth. A bilateral framework agreement addressing areas for future cooperation would be seen as a positive gesture by East Timor and a tangible sign that Indonesia is prepared to consider a mutually beneficial partnership for the 21st century.

Finally, Indonesia could reassert its regional leadership by encouraging other Southeast Asian states to invest in East Timor and by sponsoring East Timor's membership in the region's key economic, political and security forums.

The writer is director of the Asia-Pacific Program at the Australian National University's Strategic and Defense Studies Center. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1899: French Arrests**

PARIS — After the funeral of Félix Faure, Parisians were treated to an unexpected sensation. M. Paul Déroulède was at the head of the Ligue des Patriotes and Antisemitic committees. General Roget arrived at the head of a brigade of infantry. Two thousand people continued to shout, "Vive la République!" M. Paul Déroulède and Marcel Habert began to harangue the soldiers, repeating, "Save us from anarchy and the Dreyfusards." At last the general answered: "If you do not go out, you will be my prisoners." "Very well," they replied. "We are your prisoners."

1949: Sofia Rebuff

WASHINGTON — The United States protested against Bulgaria's arrest of fifteen Protestant churchmen as a "blatant terrorist effort" to intimidate religious denominations. A note of protest delivered to the Bulgarian Communist government was rejected. The churchmen are scheduled to go on trial on Friday (Feb. 25). They are charged with spying for Great Britain and the United States, and with black marketing.

1924: Islamic Holiday

CONSTANTINOPLE — Seven hundred American tourists found themselves unable to make purchases of souvenirs. All places of barter and sale

1999: French Arrests

PARIS — After the funeral of Félix Faure, Parisians were treated to an unexpected sensation. M. Paul Déroulède was at the head of the Ligue des Patriotes and Antisemitic committees. General Roget arrived at the head of a brigade of infantry. Two thousand people continued to shout, "Vive la République!" M. Paul Déroulède and Marcel Habert began to harangue the soldiers, repeating, "Save us from anarchy and the Dreyfusards." At last the general answered: "If you do not go out, you will be my prisoners." "Very well," they replied. "We are your prisoners."

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OPINION/LETTERS

The Moral Regulators Will Not Drop Out, And That Means Trouble for Republicans

By Alan Wolfe

BROOKLINE, Massachusetts — Many Republicans are now bravely insisting that they will not backpedal from their conservative views, no matter how far out of the mainstream they may be.

In announcing his presidential ambitions last Thursday, Senator Bob Smith of New Hampshire, for example, predicted that he would emerge from the pack because his views were more conservative than those of all his rivals.

An even more militant reaffirmation came from Paul Weyrich, founder of the Free Congress Foundation. In a widely cited letter posted on his organization's Web

The 'new class' theory failed when it finally was put to a test by President Clinton's misconduct.

page last week, Mr. Weyrich said, "If there really were a moral majority out there, Bill Clinton would have been driven from office months ago."

Instead, Mr. Weyrich contended, American culture had become "an ever-widening sewer."

In an astonishing replay of the 1960s, Mr. Weyrich urged his followers to "turn off, tune out and drop out of American culture." Concluding that "politics has failed," he raised speculation that he was urging conservative Christians to abandon their activist political role. But the next day he told CNN, "We're not surrendering — we're opening a different front."

In fact, if Christian conservatives choose to abandon politics, the Republicans would have a better chance of aligning themselves with the majority of Americans. But that is not likely to happen. Still strongly ensconced in states like Iowa, where they have shown their willingness to drive through snowstorms to attend caucuses and primaries, Christian conservatives will continue to administer litmus tests to Republican presidential hopefuls.

This pattern began in the 1970s, when moral regulators like Mr. Weyrich and the Reverend Jerry Falwell helped shift the Republican Party to the right. But we forget that they were successful because they were able to find common ground with economic libertarians, who traditionally dominated the party.

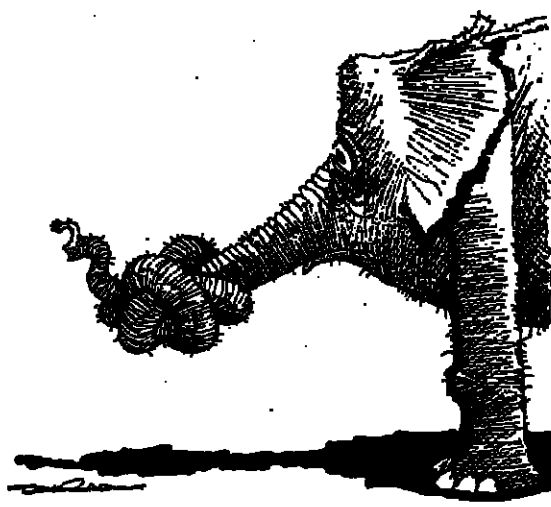
The alliance was an unusual one. While both call themselves conservative, it would be difficult to find two groups more opposed in their views of human nature. Economic libertarians believe that people will generally act in their own and therefore society's best interest, and so can be left alone to make the right decisions. Moral regulators believe that people are tempted by sin and need a strong hand to keep them in line.

The alliance was kept intact because both groups attributed the country's most pressing problems to a "new class" of elite liberals — academics, Hollywood producers, government bureaucrats, journalists, therapists and others.

The cultural views of this elite were not only anti-business, Republicans contended, but also morally relativistic. More important, this new class was supposedly at odds with ordinary Americans, who were said to be pro-capitalist, religious and committed to traditional, pro-family values.

Conservatives agreed that people were basically good and did not need government to make them better. Moral regulators joined economic libertarians to argue that government — that is, the big-spending plans of liberal elites — should be lifted off people's backs. If only conservatives could break through the stranglehold of the cultural elites, they could claim a majority.

The argument was validated, or seemed to be, by the ascendancy of Ronald Reagan, who said Americans were fed up with overweening government, as well as by Democratic politicians like George McGovern and Michael Dukakis, who piously accused Americans of being too selfish — a backhanded way of saying that people who had qualms about welfare or wanted criminals arrested were somehow immoral. If liberalism was behind a campaign to reform human nature, Amer-



By COMICARTIST: Stephen Thomas Snyder

icans were prepared to try conservatism instead. Meanwhile the theory of the "new class" was never tested empirically — until this past year, when Mr. Clinton's sexual misconduct forced the issue. Here was a chance for the country to make a stand against moral "relativism." But the opposite happened. As the president's popularity held steady and even grew, conservative moralists decided that the problem was not Bill Clinton but the large majority of Americans who wanted him to remain in office. The new class theory failed.

All of a sudden, conservative Republicans began to sound just like President Jimmy Carter when he chastised Americans for being gas-guzzling narcissists. The same conservatives who ridiculed self-appointed experts for telling Americans how to live insist now that they know better than ordinary people what is right and proper.

Republicans must decide what kind of party they want to have. If they continue to insist that Americans are too sinful to be trusted with liberty, they may end up like the Democrats of the 1970s and '80s, headed for a long winter in the political wilderness.

The writer, a professor of sociology at Boston University, is author most recently of "One Nation, After All." He contributed this column to The New York Times.

With All This Perfect Sex, It's Natural to Complain

By Daniel S. Greenberg

BALTIMORE — The casualty report on sexual dysfunction recently published in a leading medical journal is a product of research run amok in America's medicalized, supersexualized society. With its widely echoed findings of a sexually limping society, it deserves closer scrutiny than the hip news accounts it generated about "bedroom blues" and the Viagra generation.

As a piece of research, the sex report looks pretty flimsy. Moreover, its credibility was not enhanced by the belated disclo-

and also says that "service delivery efforts should be augmented to target high-risk populations."

Surveys of sex are at best notoriously unreliable, as illustrated by the arithmetical conundrum of men claiming, without prostitutes in the count, far more heterosexual experience than women. This one advances into new realms of uncertainty by raising issues that have been thoroughly contaminated by the sexual obsessiveness that pervades America.

A brief wait in a supermarket checkout line suggests that the word "orgasm" is mandatory on the covers of magazines intended for women. By some accounts, the porno film industry exceeds the big-name studios in audience and revenues, although the productions of the two branches of filmmaking are increasingly indistinguishable.

The models and performers in this round-the-clock obsession with sex are slender-to-anorexic human specimens whose emotions range from delight to ecstasy. Given this pervasive, idealized sexuality, a pollster does not have to venture far to encounter normal humans who are gripped by "anxiety about sexual performance" and "arousal difficulties." Who can match the Olympians of TV's flesh dramas or the useless copulations a few clicks and a credit card away on the Internet?

As for the respondents who were found to be "lacking a desire for sex" or who failed to enjoy sex, the real problem might be the ordinary mates available to them, compared with the sexually sublime dreamboats and their lovemaking on television and in the movies.

For any problem that they can conceivably claim as their own, medicine and science somberly declare a need for more research and recruitment of more patients.

Both approaches are entrenched in America's medicalized society, where there is plenty of money for research and deep faith that science will eventually produce fixes for all ills. But when a culture is steeped in loony visions of sex, sexual dysfunction is bound to flourish.

The writer is a science journalist and visiting scholar in the history of science, medicine and technology at Johns Hopkins University. He contributed this column to The Washington Post.

LETTERS TO THE EDITOR

The Kurdish Question

Regarding "It's Time for Autonomy for the Kurds" (Opinion, Feb. 20) by Stephen S. Rosenfeld:

All Turkish Kurds are citizens of Turkey with full voting rights. Kurds are members of Parliament and ministers of state. The Kurdish Workers Party is a terrorist Marxist organization, and the Kurds defend their borders and people. Kurds can speak their own language within Turkey and are protected by Turkish law.

Abdullah Ocalan and his terrorists have killed thousands of people, bombed tourist resorts and caused no end of trouble in the world. The Kurds have their own

de facto state in northern Iraq, but are too busy fighting with each other to make it work. The Kurds are right to not give up their homeland. Perhaps if the Western world showed more support for its friend and partner Turkey, the world would be a more peaceful place.

JOHN MCGOUGH, Budapest

To satisfy the Kurds' just demands after the dissolution of the Ottoman Empire. The Kurds have been seriously shortchanged for almost 80 years. Isn't it high time for their plight to be addressed by some international body?

ROBERT F. ILLING, Porto, Portugal

Arms and Their Uses

Regarding "Look What a Fraction of This Arms Money Could Do" (Opinion, Feb. 17) by Oscar Arias:

The writer mixes two different subjects, the state of the U.S. military and the global trade in arms. As for the first, as we look back on

this sorry century one fact stands out: The chances for some sort of world peace have risen in proportion to America's military strength and its will to use it in good causes. As for the global arms trade, horribly wasteful as it is, Mr. Arias's "Oh, wouldn't it be nice if we were all nice" naïveté misses the point that the nature of man is the problem, not the sophistication of his weapons. The hate in Rwanda did with just axes and clubs.

HERMAN ARCHER, Pleasanton, California

Spending the Surplus

Regarding "A Modest Proposal: Let's Eradicate Child Poverty"

(Opinion, Feb. 17) by E.J. Dionne Jr., and the report "Republicans Trumpet Tax Cuts" (Feb. 18):

It will surprise few that the Republicans now seek to buy back the respect of the American electorate with a tax cut that would (also no surprise) make rich Republicans richer and otherwise do nothing of significance for anyone.

If the budget surplus were applied to bootstrapping poverty-level Americans in the manner of the postwar GI Bill, it could give new hope to millions while adding to the vibrancy of an already prosperous land.

JOE WILLIAMS, Düsseldorf

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Fed Stays Upbeat On U.S. Economy

By Mitchell Martin
International Herald Tribune

NEW YORK — The U.S. economy is on track for a ninth year of expansion, though with modestly higher inflation than in the past two years, Alan Greenspan, chairman of the Federal Reserve Board, told the Senate Banking Committee on Tuesday, and he indicated that the central bank was inclined to neither raise nor lower interest rates.

In the first of two days of his semiannual testimony to Congress, Mr. Greenspan said "the fundamental underpinnings of the recent U.S. economic performance are strong," offering the Fed's prediction that the gross domestic product would grow by between 2.5 percent and 3 percent this year, with consumer prices rising between 2 percent and 2.5 percent.

The new growth estimate exceeds both the range of 2 percent to 2.5 percent that the Fed predicted six months ago and the Clinton administration's forecast of 2.0 percent. In 1998, the U.S. economy expanded about 4 percent with consumer prices rising 1.6 percent after a 1.7 percent rise in 1997. The inflation forecast seemed to quash any remaining hopes that the Fed would reduce interest rates, as it did three times last year, according to Josh Stiles, U.S. bond analyst at Independent Economic Analysis (Holdings) Ltd.

One cautionary statement that could concern investors, Mr. Stiles said, was that commodity prices, especially those for energy, were unlikely to continue the downward spiral that kept inflation in check last year.

"These prices," Mr. Greenspan testified, "are not likely to fall further, and they could begin to rise as some Asian economies revive and the effects of the net depreciation of the dollar since mid-summer are felt more strongly." But he also said that "recent experience does seem to suggest that the economy has become less inflation-prone than in the past, so that the chances of an inflationary breakout arguably are, at least for now, less than they would have been under similar conditions in earlier cycles."

Despite his generally upbeat comments, Mr. Greenspan did say that the economy appeared "stretched in a number of dimensions, implying considerable upside and downside risks to the economic outlook." The central bank, therefore, must be "ready to move quickly in either direction," he said, raising interest rates if necessary to head off inflation or reducing them to prevent a recession.

Mr. Stiles suggested that some of the cautionary comments in Mr. Greenspan's testimony had been included to appease members of the Fed Board and its policy-setting Federal Open Market Committee who are more concerned with the threat of inflation than the Fed chairman is.

Mr. Greenspan spent a fair amount of his testimony explaining why technological advances had increased the productivity of the U.S. economy. He said this improved efficiency was one reason companies could maintain their profits even though they could not easily raise prices. Technological improvements "clearly explain a good part" of the low inflation experienced in recent years, he said in response to a question after his testimony.



Lawrence Summers, the U.S. deputy Treasury secretary, meeting reporters Tuesday in Beijing after talks with Chinese officials.

U.S. and China Seek WTO Pact

Despite Obstacles, Officials Strive for an April Announcement

By Erik Eckholm
New York Times Service

BEIJING — With newfound political drive, the United States and China have resumed intense negotiations over China's entry into the World Trade Organization, hoping against the odds to be able to announce a breakthrough when Prime Minister Zhu Rongji visits Washington in April, American officials said Tuesday.

Last year, after fruitless talks, American trade officials seemed to have given up on China soon joining the global body that sets trading rules. In sharply critical terms, they said China was too consumed by domestic economic ills to make concessions such as reducing tariffs and opening more sectors to foreign investors.

The obstacles remain enormous, but the two governments are now making a crash effort to resolve issues that have defied agreement for years.

"The United States has a great interest in China acceding to the WTO on commercially viable terms," said the deputy secretary of the Treasury, Lawrence Summers, speaking to reporters Tuesday evening after meeting Mr. Zhu.

He said Mr. Zhu also had reaffirmed China's strong desire to reach an accommodation.

"We both agreed that this was a

crucial window of opportunity," Mr. Summers said, his hopeful tone in striking contrast to that of American officials during 1998.

While an agreement is not close, Chinese officials have concluded "a more open, more competitive, more dynamic economy" is in China's interest, Mr. Summers said. "I think there may be some greater appreciation of that on the Chinese side," he said.

Mr. Summers, who is briefly visiting Beijing in a trip through Asia, did not engage in negotiations. But a senior official of the U.S. Trade Representative's Office has already undertaken detailed talks here.

Next Wednesday, right after a visit by Secretary of State Madeleine Albright, who will discuss a range of issues with Chinese officials, the chief trade negotiator, Charlene Barshefsky, will arrive for two days of talks.

After Ms. Barshefsky's visit, officials said, it will be easier to judge whether the new push has any chance of success.

It is unclear how the wide differences can be bridged over such complex issues as access to the Chinese market for agricultural and industrial goods and high-end services such as insurance and finance.

China, while committed to gradual opening of the economy, is more worried than ever about rising un-

employment and is struggling to re-vamp state industries that could be killed by quickly lowered trade barriers.

President Bill Clinton's administration, for its part, would come under strong attack from business and political opponents if it appeared to grant too many concessions to China, which by American estimates last year ran a \$37 billion trade surplus with the United States.

"It's by no means clear that a mutually satisfactory agreement can be reached," Mr. Summers said. "But there is a feeling on both sides that we shouldn't miss an agreement because of a failure of communications or a lack of effort."

One reason for the new sense of urgency, Mr. Summers said, is the realization that if agreement cannot be reached in the next few months, China's entry to the trade body is likely to face long delays.

This year, the world organization will begin to rewrite its overall rules, a move that if anything will stiffen the conditions for entry and complicating a new application by a giant such as China.

Also, as American presidential politics heat up next year, it may be impossible to muster domestic support for any complex agreement with China, officials fear.

See WTO, Page 12

Politics Hamper Malaysian Banking System, Moody's Says

Agence France-Press

KUALA LUMPUR — An international credit-rating agency delivered a blistering critique of the Malaysian government Tuesday, saying that political interference was impairing the quality of its financial regulation, which used to be among the highest in Asia.

In a special report, Moody's Investors Service Inc. also said the Malaysian banking system itself had "taken a sharp turn for the worse" because of the "direct and indirect effects" of capital and currency controls that Malaysia imposed last September as well as other econom-

ic measures. Despite past scandals involving speculative currency trading, the Malaysian central bank had traditionally provided a sound framework "efficiently enforced by an authoritative and respected institution," Moody's said.

But the system has become "overfragmented" with too many banks that are both small and weak, the American rating concern said, adding that the central bank had allowed "imprudently large lending" for property development and securities purchases.

"The quality of bank regulation, formerly among the highest in the

region, has been impaired by political interference as well as an added emphasis on short-term gains," the report said.

Moody's said more overt interference had "clashed with the bank's tradition of independence," leading to the resignation of the governor and his deputy last August, followed by the arrest next month and current trial of the former finance minister and deputy prime minister, Anwar Ibrahim.

"Developments in bank regulation have shadowed these events," Moody's said. "The objectives have moved from strengthening the

banking system by tightening regulations and increasing transparency to requiring the banks to sustain economic activity almost at any price, their financial condition becoming a secondary concern."

Moody's said the planning efforts of the central bank had become an "inevitable hostage to political fortunes."

It conceded that efforts to acquire bad loans and recapitalize banks "may provide indications of a restoration of the central bank's historic authority and independence." But Moody's said this was not likely "until critically important political

developments in Malaysia run their course."

The report noted some "important fundamental strengths" such as management, which it said was "quite conservative, skilled and competent" at many banks.

Consolidation being forced by the government is likely to produce institutions that are "larger and better structured and hence more stable and probably more conservative," it added. Profitability is also "quite strong" already, and "the quality of the system's regulation and inspection may revert to former high standards," Moody's said.

Crisis at E*Trade: A Cautionary Tale

Software Glitch Reveals Vulnerability of Popular Internet Brokerages

By Mark Leibovich
Washington Post Service

WASHINGTON — The chief technology officer was working on 90 minutes' sleep, an abbreviated night even by her three-hour norm. Now, shortly after the stock market opened, Debra Chrapaty was seeing red on her monitor, and red meant crisis.

It meant hundreds of thousands of on-line investors could not buy or sell stocks through E*Trade Group Inc., the Internet brokerage whose computing operations she directed. She took a Tagmet pill to soothe her ulcer.

Meanwhile, in a Silicon Valley schoolyard, Lisa Nash, the E*Trade communications chief, was pleading allegiance to the flag, a ritual she performs with her two daughters every morning. Her beeper pierced the formality with the Code Red news and Mrs. Nash kissed her daughters good-bye.

On Wednesday, Feb. 3, one of the Internet's highest fliers was effectively grounded by a software glitch. E*Trade's 700,000 account holders were locked out of their on-line portfolios as the stock market was dropping in heavy trading. Every second E*Trade did not work could threaten its viability. Internet time is unforgiving, and so are subscribers with money at stake. "Get it together, E*Trade," a subscriber railed in an on-line chat forum "or you're going to the E-Grave."

The Internet engenders little tolerance when problems occur, a reality that was slammed home at E*Trade this month.

On-line services now are perceived as utilities and commodities, not luxuries. In short order, subscribers have come to demand light-switch reliability when they tap their keypads, never mind the unfathomably complex technology underpinning those commands.

As the Internet has bred exhilaration, user expectations likewise have soared, and when something goes wrong, look out. Already, two class-action lawsuits have been filed against E*Trade in conjunction with this month's breakdowns.

"Technology fails, and anyone who promises otherwise is full of it," Ms. Chrapaty said. "Things happen on any given day. My job is not to let our customers notice."

Yet over parts of three days, E*Trade was laid bare as a public microcosm of Internet frailty. It also became a corporate case study of crisis management in the Internet age, the desperate side of the exhilaration.

Ms. Chrapaty and Mrs. Nash were steeped in the ordeal: Ms.

The Internet engenders little tolerance, a reality that was slammed home at E*Trade this month.

Chrapaty, 38, a former technology chief for the National Basketball Association, led the high-tech paramedics from E*Trade's offices in Alpharetta, Georgia. Mrs. Nash, 40, a former State Department intern, headed damage control from the company's headquarters in Palo Alto, California.

"We need to perform with military excellence," said Ms. Chrapaty, invoking the preferred imagery of the chief executive, Christus Coscosos, a Vietnam War veteran who was awarded the Purple Heart.

E*Trade is one of the emerging Internet brands to invade contemporary lives, a dual product of the on-line boom and raging bull market. Now the third-largest Internet brokerage, E*Trade processes 50,000 trades a day. Some subscribers have given up their jobs to ride the gamblers' surge of "day trading," tying fortunes to the stock market and seizing some control of its fluctuations through E*Trade. They pay nothing to subscribe and keep a minimum \$1,000 trading balance in their accounts. E*Trade receives \$14.95 or \$19.95 commissions on each trade, depending on where the stock is listed. Traditional brokerages typically charge twice that.

"Good morning is being replaced by 'Did you buy any Yahoo! today?'," said Mrs. Chrapaty, E*Trade's vice president of marketing. "We offer the empowerment and thrill of being wired to Wall Street."

Unless subscribers see only "Error" messages. Which is why, on that Wednesday, Ms. Chrapaty's eyes were fixed on a hideous number. Her monitor revealed E*Trade's "transaction per second" ratio was well below normal — and dropping fast. She deduced access problems.

Ms. Chrapaty called in her "super-smarts," a team of eight engineers who would root out the cause of the interruption. They laid out the symptoms, analyzed abnormalities and ate Krispy Kreme doughnuts.

It took 30 minutes to isolate the problem, a software upgrade performed the night before. E*Trade technicians had added lines of computer "code" to speed the process by which subscribers had their trades confirmed.

But instead, the new coding infected the site with a most toxic side effect: No one could trade.

Mrs. Nash, during a telephone conference that morning, wrote "talking points" for customer and media inquiries. This service interruption had nothing to do with site volume, Mrs.

See E*TRADE, Page 16

CURRENCY RATES

Cross Rates					Feb. 23					Other Dollar Values					Feb. 23				
	\$	£	SP	Yen	CS	Demo	Croat	Swede			Peru	Paraguay	Paraguay	Paraguay			Peru	Paraguay	Paraguay
London (d)	1.6113									Argentine peso	0.0096	Hong Kong dollar	7.7537						
New York (d)	1.6154	1.4477	120.92	1.4957	6.7867	293.83	8.128			Brazilian real	2.00	Indian rupee	42.43						
Tokyo	120.45	196.06	33.28		80.68	17.90	14.95			Chinese yuan	0.0021	Israeli sheqel	4.8377						
Yoruba	1.4948	2.4139	1.0335	1.2377		0.2216	0.5096	0.1849		Czech koruna	34.80	Latvian lats	150.00						
Zurich	1.4884	2.2379		1.1987	0.9573	21.4597	0.4895	0.1793		Egypt pound	1.408	Malay ringgit	3.80						
One euro	1.0949	0.6796	1.5954	133.14	1.6423	7.4344	323.10	8.9085		Hong Kong \$	7.7537	Maltese pence	9.345						
One SDR	1.3613	0.8406	1.9813	165.73	2.0375	9.2137	N.Q.	11.0024		Indonesian Rupiah	1,678	Philippine peso	49.68						
Source: Reuters, Bank of Tokyo-Mitsubishi (Tokyo), Royal Bank of Canada (Toronto), Banque de France (Paris), IMF (SDR). Other data from Reuters.																			
Euro Values					Feb. 23					European Cross Rates					Feb. 23				
	\$	£	SP	Yen															
American dollar	1.0949									DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
British pound	0.6796	1.0000								DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
French franc	1.5954		1.0000							DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
German mark	1.3613			0.6796	1.0000					DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
Italian lira	1936.27					1.0000				DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
Japanese yen	110.24			1.0000			1.0000			DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
Spanish peseta	166.37							1.0000		DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
Swedish krona	8.4663								1.0000	DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
Swiss franc	1.4884									DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663
U.S. dollar	1.0949									DM	1.6363	FF	6.5596	1.3663	DM	1.6363	FF	6.5596	1.3663

Global Private Banking

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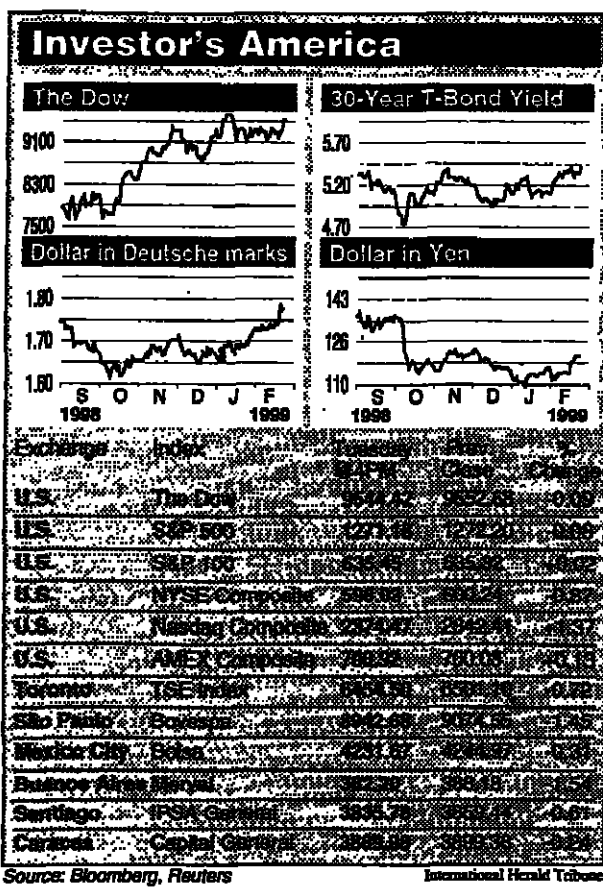
To our way of thinking, it is security as well as return that we must ensure each day. And in the process, to provide a unique quality of service, understanding and discretion.

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World Headquarters of Republic National Bank of New York in New York

THE AMERICAS



Very briefly:

- **Adelphia Communications Corp.**, a U.S. cable-television operator, agreed to buy closely held Frontier Vision Partners LP for \$2.1 billion in cash, shares and assumed debt to expand its customer base.
- **America West Airlines Inc.** called off talks with other airlines and said it would remain independent. The decision ended four weeks of speculation that it might be bought by United Airlines or another large rival.
- **CalEnergy Co.**, the second-largest U.S. power-plant developer, agreed to sell half of its interests in 14 generators to El Paso Energy Corp. for \$259.6 million.
- **Cia. Cervejaria Brahma** of Brazil fired 108 workers, or 1 percent of the brewer's work force, as the company sought to cut costs amid a deepening recession.
- **Codelco** of Chile, the world's largest copper producer, plans to trim costs as much as \$180 million and raise production this year to make up for reduced earnings caused by copper prices that are near 12-year lows.

Greenspan Gives a Lift To the Dollar

Bloomberg News
NEW YORK — The dollar rose against the euro Tuesday, touching its strongest level yet against the new currency, as Alan Greenspan, chairman of the Federal Reserve Board, said U.S. economic growth had strong momentum.

FOREIGN EXCHANGE

The Fed chief, in semiannual testimony to the Senate Banking Committee, also said that inflation remained at bay but that officials were prepared to raise or lower interest rates quickly if the country's economy grew too quickly or too slowly.

Higher rates help a currency by raising its money-market return, and lower rates would have the opposite effect.

"Since the U.S. economy remains strong and may be over-stretched, Greenspan might be suggesting the Fed may need to raise rates," said Andrew Chavert, a currency strategist at Paribas Corp.

As a result, "the dollar could go higher later this week," he said.

In late trading, the euro eased to \$1.007 from \$1.037 late Monday in New York.

Earlier, it dropped as low as \$1.0940, the currency's weakest level since its initial rise was set Dec. 31.

The dollar also edged up to 120.92 yen from 120.90 yen but fell to 1.4477 Swiss francs from 1.4493 francs.

The pound slipped to \$1.6150 from \$1.6273.

What Is Hip? Levi Strauss Is Trying to Get a Grip

By Stephanie Stoughton
Washington Post Service

WASHINGTON — To understand why Levi Strauss & Co. has begun to falter, look no further than the names on teenagers' jeans.

After riding a wave of success for much of the 1990s, the manufacturer is getting bloodied by the likes of the Gap, Tommy Hilfiger and Fubu. Though Levi's is still synonymous with blue jeans, it has lost touch with many of its customers, including teenagers who view its staple straight-legged denim as something their baby-boomer parents and even grandparents would wear.

"Everyone has a pair of Levi's, including their parents," said Jill Kilkoyne, an associate research director with Teenage Research Unlimited in Northbrook, Illinois. "There are so many other jeans available that give them the fashion hand look that teenagers want. Teens want to own their own brand, they want the newest and the coolest."

Fickle youth probably accounts for a good portion of the sales drop. But the closely held

company also has missed marketing opportunities, bungled a string of buyouts and experienced higher production costs at its U.S. plants.

Although Levi's Silver Tab jeans and Dockers casual pants are still hot brands, overall the manufacturer's star is clearly slipping. Sales steadily climbed from \$4.9 billion in 1991 to \$7.1 billion in 1996 but began to taper off the following year. Revenue fell 3 percent to \$6.9 billion, in 1997 and then dropped another 13 percent, to \$6 billion, last year. On Monday, Levi Strauss, which began making blue jeans for gold miners more than a century ago, said it would close 11 of its 22 North American plants and lay off 5,900 workers.

In surveys by Teenage Research Unlimited, teenagers ranked Levi's as one of their three favorite brands until last year, when the manufacturer tumbled to No. 8.

The seeds of Levi Strauss' troubles were planted earlier in the decade when the company, still enjoying booming sales, began missing trends. First, it did not predict the popularity of baggy jeans. Then it did not foresee the low-rise,

hip-hugging denim now found in many girls' closets. Several years after Gap put hip-huggers on its shelves, Levi still does not have them.

"There's certainly validity in what many of our critics have said, that we were complacent," a Levi Strauss spokesman, Clarence Greeby, said. Some of Levi's problems may be beyond the company's control. Unlike Gap, Levi's cannot force retailers such as J.C. Penney to carry a broad selection of its merchandise. Department stores have made matters worse for Levi's by dedicating large sections to their own in-house brands. That is one reason why Levi executives felt little guilt when they opened their own Internet site selling the full Levi's line but banned retailers from selling Levi's on-line.

One reason it is difficult to make a tired brand hip again is that the company's name is everywhere at a time when youths want something that sets them apart from the crowd, said Larry McNaughton, chief operating officer of Corporate Branding Partnership LLC. Like Nike Inc., Levi's has found that you're not so cool when everyone likes you.

Technology Stocks Surge, but Blue Chips Stall

Compiled by Our Staff From Dispatches

NEW YORK — Stock prices were mixed Tuesday, with blue-chip shares languishing after Alan Greenspan, chairman of the Federal Reserve Board, signaled that the central bank was not planning any imminent changes in interest rates. But technology stocks continued to rise.

At the close, the Dow Jones industrial average was down 8.26 points at 9,544.42, and the Standard & Poor's 500 index was down 0.96 at 1,271.18. But the Nasdaq composite index was up 34.36 at 2,376.37. Declining issues led advances by a ratio of 4-to-3 on the New York Stock Exchange.

"As far as the stock market is concerned, the good news is that Greenspan said economic growth will continue at a somewhat slower rate," said Sung Won Sohn, chief economist at Wells

Fargo Bank. Because inflation is expected to remain in check, there is "little likelihood that he's going to be raising or lowering interest rates anytime soon."

U.S. STOCKS

Stocks took little direction from a report by the Conference Board, a business research group, that its index of U.S. consumer confidence rose 3.2 points to 132.1 in February, its fourth straight advance, as Americans reacted to continued economic growth and showed a strong sense of security about the job market.

Internet and computer shares rallied after an analyst at Morgan Stanley Dean Witter & Co., Mary Meeker, said the long-term outlook was "phenomenal" for top companies in the sector.

Microsoft rose 6% to 155 7/16. Amazon.com gained 8% to 115 1/4, Yahoo rose 7 1/4 to 152 1/4, and eBay climbed 3 1/4 to 282 1/4.

America Online was up 1 1/4 at 88 1/4 after a 2-for-1 stock split took effect.

Meanwhile, the prices of Treasury securities fell, with the benchmark 30-year bond down 31/32 at 97 15/32, pushing the yield up to 5.42 percent from 5.38 percent. (AP, Bloomberg)

Longer Hours Planned for Big Board

Richard Grasso, chairman of the New York Stock Exchange, said the exchange planned to expand its hours in June 2000 to compete with overseas exchanges in trading of non-U.S. shares, Bloomberg News reported from New York. "It is not unreasonable to expect the Big Board to open at 5 A.M. and close at midnight," he said.

With Steel Cheap, GM to Stock Up

Bloomberg News
DETROIT — General Motors Corp. said Tuesday it had signed long-term contracts for \$11.7 billion in steel from about 40 suppliers in what it called a move toward a global standard for the company aimed at lowering costs.

By signing the contracts now, GM is taking advantage of slumping metal prices. Benchmark U.S. steel prices have dropped about 20 percent in the past year, according to Metal Bulletin Ltd. John Stiles, executive director of metals purchasing, said the global standard would end regional differences in the quality and content of the steel in its cars. "This is the first time we've gone after all the steel on a global basis and had the opportunities for mills around the world to take a look at our global requirements," he said.

EURO: German Officials Link the Currency's Health to Ability of EU Members to Agree on Budget

Continued from Page 1

Tuesday to defend the EU's complex and costly system of agricultural subsidies and price supports.

Farmers are holding one of the biggest protests in more than 25 years in the Belgian capital as EU agriculture ministers are meeting there this week to find a compromise to overhaul the 37-year-old Common Agricultural Policy. The volume of money involved is adding to the pressure in the talks, creating the prospect that some countries could lose EU funds.

The powerful farm lobby

has the most to lose. The farm budget eats up half of the EU's 85 billion euro budget. Subsidies on some farm commodities could shrink by a quarter and even push some farmers into bankruptcy, with French farmers the hardest hit because they are the biggest recipients. Striking a deep chord, farmers fear the cuts will threaten Europe's romantic agrarian idyll, replacing bucolic fields with mass-production farming.

According to the German position, laid out Tuesday in Bonn, the stakes extend well beyond farmers. At the meeting Friday of EU heads of

state, Germany will not shy from "speaking of the consequences" of a "non-solution," an official said. Failure to overhaul the budget could unleash a "crisis in which all of us are worse off afterwards," the official said, referring to fears of uncontrolled euro weakness.

The main function of Friday's meeting will be to add momentum to EU budget talks, which are to culminate at a special summit in Berlin on March 24 and 25. Germany wants to emerge with a sprawling blueprint of long-range financial reforms. Because the Friday meeting

in the stately Petersberg Hotel overlooking the Rhine is a "working summit" to lay the groundwork for the Berlin gathering, "there will be no resolutions," the official said. For now, however, talks are tangled in a conflicting patchwork of national and regional interests. Reflecting the potential for clashes, one German described a successful outcome "for Europe" at the Berlin summit as "an agreement in which none of the partners are happy."

The euro's disappointing performance lies at the heart of Europe's economic dilemma, pitting politicians against the

ECB. Mr. Lafontaine, the German finance minister, argued over the weekend that a weak euro could help promote Europe's exports. But while politicians such as Mr. Lafontaine help drive the euro lower with their remarks, central bankers want to halt the erosion. The Bundesbank president, Hans Tietmeyer, a prominent figure on the ECB's board, warned Saturday that the ECB "will certainly not be able to cut rates" if the euro falls further.

Wim Duisenberg, head of the European Central Bank, said Monday that the euro's current weakness against the dollar was not only the result of strong U.S. growth but also of political pressure on the ECB to cut interest rates, Bloomberg News reported.

"There has been political pressure to lower rates, this expectation has been carried into the market," Mr. Duisenberg said at a panel discussion at Landeszentralbank Baden-Wuerttemberg. "I think it will be only a temporary phenomenon."

The German delegation took pains to lower expectations ahead of the meeting Friday. The "non-summit" is

expected to yield forceful disagreements. Bonn wants EU leaders to converge behind closed doors for a final round of "psychological and dramatic" leverage for the Berlin summit.

Most attention Friday will be directed at the "Big 5" EU members with the most to lose at the budget talks: France, which will fight to preserve its farm subsidies; Britain, which will fight to preserve an EU annual budget rebate it won 15 years ago; Italy, which will be expected to increase its net payments; Spain, which is fighting to save its inflows of EU economic aid; and Germany, which wants to cut its 11 billion euro annual EU net payment.

Trying to exploit the momentum of the Friday meeting, Chancellor Gerhard Schröder will make a whirlwind tour of EU capitals from March 15 to 19 in search of a difficult consensus.

Germany also seems willing to make concessions on its own position. Instead of deep immediate budget cuts, it appears willing to settle for an agreement to stretch out a decrease in German payments between 2000 and 2006.

WTO: Seeking a Slot for China

Continued from Page 11

Both governments are searching for ways to bolster their relationship, which has badly frayed since the euphoria of Mr. Clinton's visit last spring as China cracked down harshly on political dissidents and the bilateral trade deficit widened.

American and Chinese officials hope that relations will be strengthened by the planned April visit to Washington and other American cities by Mr. Zhu, who cuts an appealing figure abroad. But apart from possible trade organization entry, there do not appear to be other opportunities for major new agreements to announce.

"While a finished deal by April on trade appears impossible, the goal is to get the big issues in place by the time of Prime Minister Zhu's visit," said Kenneth Lieberthal, the senior White House adviser on Asia, who accompanied Mr. Summers.

"The U.S. business community has to see any agreement as commercially viable," Mr. Lieberthal added. "Without that support it will never work."

U. S. STOCK MARKET DIARY

Tuesday, Feb. 23									
Indexes					Most Active				
Dow Jones	High	Low	Last	Chg.	NYSE	High	Low	Last	Chg.
Indus.	9548.42	9511.32	9544.42	-8.26	Adv.	1209.20	1208.90	1209.20	-0.10
Transp.	245.70	245.40	245.70	-0.10	Decl.	1208.90	1208.60	1208.90	-0.10
Comp.	2923.20	2923.10	2923.20	-0.10	Adv.	1208.60	1208.30	1208.60	-0.10
Standard & Poor's	1271.18	1270.96	1271.18	-0.96	Adv.	1208.30	1208.00	1208.30	-0.10
Nasdaq	2376.37	2376.00	2376.37	34.36	Adv.	1208.00	1207.70	1208.00	-0.10
AMEX	105.09	105.00	105.09	-0.11	Adv.	105.00	104.90	105.00	-0.10
Dow Jones Bond	107.81	107.70	107.81	-0.10	Adv.	107.70	107.60	107.70	-0.10
20 Bonds	105.09	105.00	105.09	-0.11	Adv.	105.00	104.90	105.00	-0.10
10 Utilities	107.81	107.70	107.81	-0.10	Adv.	107.70	107.60	107.70	-0.10
10 Industrials	107.81	107.70	107.81	-0.10	Adv.	107.70	107.60	107.70	-0.10

Trading Activity									
NYSE					Nasdaq				
Adv.	Decl.	Net	Vol.	Price	Adv.	Decl.	Net	Vol.	Price
1,234,567	123,456	1,111,111	123,456,789	123.45	1,234,567	123,456	1,111,111	123,456,789	123.45
1,234,567	123,456	1,111,111	123,456,789	123.45	1,234,567	123,456	1,111,111	123,456,789	123.45

Dividends									
Company	Per Amt	Rec Pay	Company	Per Amt	Rec Pay	Company	Per Amt	Rec Pay	Company
Alcoa Inc.	1.25	2.25	2.25	Alcoa Inc.	1.25	2.25	2.25	Alcoa Inc.	1.25
Boeing Co.	2.00	2.00	2.00	Boeing Co.	2.00	2.00	2.00	Boeing Co.	2.00
General Electric	1.00	1.00	1.00	General Electric	1.00	1.00	1.00	General Electric	1.00
IBM Corp.	3.00	3.00	3.00	IBM Corp.	3.00	3.00	3.00	IBM Corp.	3.00
Microsoft Corp.	2.00	2.00	2.00	Microsoft Corp.	2.00	2.00	2.00	Microsoft Corp.	2.00
Oracle Corp.	1.00	1.00	1.00	Oracle Corp.	1.00	1.00	1.00	Oracle Corp.	1.00
Yahoo Inc.	0.50	0.50	0.50	Yahoo Inc.	0.50	0.50	0.50	Yahoo Inc.	0.50
Amazon.com	0.25	0.25	0.25	Amazon.com	0.25	0.25	0.25	Amazon.com	0.25
Apple Inc.	0.50	0.50	0.50	Apple Inc.	0.50	0.50	0.50	Apple Inc.	0.50

U.S. Stock Tables Explained									
a - dividend	b - annual rate of dividend	c - stock dividend	d - liquidating dividend	e - P/E multiple	f - call price	g - new issue	h - new issue	i - new issue	j - new issue
a - dividend	b - annual rate of dividend	c - stock dividend	d - liquidating dividend	e - P/E multiple	f - call price	g - new issue	h - new issue	i - new issue	j - new issue
a - dividend	b - annual rate of dividend	c - stock dividend	d - liquidating dividend	e - P/E multiple	f - call price	g - new issue	h - new issue	i - new issue	j - new issue

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

Tuesday, Feb. 23									
Grains					Metals				
High	Low	Last	Chg.	Opt	High	Low	Last	Chg.	Opt
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45
123.45	123.40	123.45	-0.10	123.45	123.45	123.40	123.45	-0.10	123.45

EUROPE

Olivetti Seeks To Sweeten Takeover Bid

By Daniel Liefgreen
Special to the Herald Tribune

ROME — Olivetti SpA, which suffered a major setback late Monday when Italian stock-market regulators rejected its hostile bid for Telecom Italia SpA, was scrambling Tuesday to restructure its \$58 billion offer for the telecommunications concern.

One financial source close to the Olivetti camp said the company's managing director, Roberto Colaninno, was rushing to revise and sweeten its bid by increasing the cash component of the original offer of cash, shares and bonds.

"The price was too low, and the market recognized that," the source said. "To have a chance to win this battle, you have to enrich the offer, and this means boosting the cash part," he said. "It's not an easy scenario. It's very difficult."

The source said the Milan-based merchant bank Mediobanca SpA, which is among the banks advising Olivetti, was trying to assemble a consortium of Italian banks to back a large capital-increase proposal that would help fund the operation. He declined to provide details.

Communications Minister Salvatore Cardinale, who met with Mr. Colaninno on Tuesday, said the chief executive appeared determined to move ahead with his audacious plan to seize control of Telecom Italia.

"I believe Olivetti will go forward in its attempt to take over Telecom," he was quoted as saying by Italian news agencies.

Olivetti's board is due to meet Wednesday to call a special shareholders assembly to review a capital increase. An Olivetti spokesman declined to comment further.

Consob, the Italian securities regulatory agency, said Monday that Olivetti's offer was unacceptable in its present form on several grounds, including its being conditional on the sale of its mobile-phone unit Omnitel Pronto Italia SpA and fixed-line operator Infostrada SpA to Mannesmann AG of Germany. Olivetti denied that the offer was conditional on the Mannesmann sale.

Germany to Cut Corporate Taxes

Lafontaine Pledges Top Rate of 35% but Offers No Timetable

Compiled by Our Staff From Dispatches

BONN — Finance Minister Oskar Lafontaine said Tuesday that the government would proceed with a plan to cut maximum corporate taxes to 35 percent from as much as 47 percent in an effort to bolster the sagging economy. He declined to give a time frame for the changes, however.

A corporate tax rate of 35 percent would be "the absolute maximum" and for medium-sized companies the rate would be lower, Mr. Lafontaine said in a speech to the Bundestag, or lower house of Parliament. "With these measures, Germany's tax rates, also compared with other countries, will be put in an extremely positive position," he said.

The call for a tax cut came as Mr. Lafontaine presented his 1999 federal budget for a first reading by the Bundestag. Mr. Lafontaine is predicting a budget deficit of 28.8 billion euros (\$31.7 billion), marginally narrower than the 1998 deficit.

If the tax cut is adopted, it would leave the German corporate rate five percentage points higher than the rate in Britain, whose maximum rate is being cut in April to 30 percent from 31 percent, according to the Economist Intelligence Unit.

Mr. Lafontaine's comments followed a government report Friday that German gross domestic product fell 0.4 percent in the fourth quarter of 1998, the first quarterly decline in almost three years, and a report by the Ifo economic research institute that German business confidence fell in December.

Mr. Lafontaine will present the findings of a committee of tax experts at the end of this week.

In his speech to Parliament, Mr. Lafontaine also said Germany would feel the effects of the world economic slowdown more clearly in 1999 than it had in 1998.

"Currency-rate developments, particularly in Southeast Asia, have aggravated the situation for German goods," Mr. Lafontaine said, putting the pinch on exporters.

When exports can no longer keep the economy going, he added, "domestic demand must take on more responsibility for ensuring sufficient growth."

Group of Seven finance ministers and central

bankers agreed at a meeting Saturday in Bonn that a strategy for promoting growth led by domestic demand would lead to balanced development between countries, he said.

The budget Mr. Lafontaine presented also includes mild stimulatory measures, with public spending at a federal level of 249.5 billion euros being sought; that would be 6.8 percent more than in 1998. But the Finance Ministry said that the spending figures for the two years were not directly comparable and that, stripped of one-time items, the budget represented an increase of only 1.7 percent.

Mr. Lafontaine said he hoped to have the budget adopted in May.

The budget aims to fight unemployment, the government's No. 1 priority, and combat social injustice, Mr. Lafontaine said.

"We're creating new impulses for more growth and more jobs," he said, according to a copy of his prepared speech.

The government is forecasting a decline in unemployment in the year as a whole, with the number of people out of work expected to fall by a total of 150,000 to 200,000. The jobless rate is expected to decline to an average 10.5 percent of the working population from 11.1 percent in 1998.

(Bloomberg, Reuters)

VW Earnings Soar 65%

Volkswagen AG, the largest carmaker in Europe, posted a 65 percent increase in profit for 1998, to 1.15 billion euros (\$1.26 billion), news agencies reported from Wolfsburg, Germany.

Sales increased 18.5 percent, to 68.62 billion euros.

But Volkswagen warned, in its preliminary profit report, that the global economic difficulties would make it difficult to beat the 1998 figure this year.

"A further improvement in group net profit in 1999 will be difficult to achieve given the crises in the global automobile markets," the automaker said.

Details of the year's corporate results will be presented at a news conference March 25.

BSkyB and Canal Plus Generate a Buzz

Reuters

LONDON — Newspaper reports Tuesday revived speculation of a possible linkup between British Sky Broadcasting Group PLC and Canal Plus SA, the biggest European pay-television providers, but analysts said an outright merger was unlikely because of regulatory hurdles.

Carving up Europe between BSkyB, controlled by Rupert Mur-

doch, and Canal Plus could shave 10 percent to 30 percent from movie programming costs, analysts said.

But they said a more limited transaction, such as an alliance or asset swap, was more likely than a full merger.

"The economics of a merger would be compelling, particularly in terms of lower movie programming costs," said Nick Bertolotti, a media analyst at J.P. Morgan & Co.

The Wall Street Journal and Italian newspapers revived merger speculation by reporting Tuesday that BSkyB was holding preliminary talks with Canal Plus but that the talks might not lead to a deal.

Shares of Canal Plus slipped 1.20 euros to 293.80 (\$322.26) in Paris, while BSkyB rose 18 pence to 535 (\$8.70) in London.

Unilever Sets A Payout of \$8 Billion

Compiled by Our Staff From Dispatches

ROTTERDAM — Unilever, the world's biggest maker of household goods, surprised investors Tuesday by announcing plans for a special dividend and a reverse stock split.

The British-Dutch consumer-goods company, which has been sitting on a cash hoard since selling off its chemicals businesses a year ago, said it would distribute 16 billion guilders (\$8.01 billion) to shareholders.

The dividend, amounting to 14.50 guilders a share for its Dutch shares and 65.13 pence (\$1.07) a share for British stock, is equal to 10.6 percent of Unilever's market value. Shareholders can opt for cash or payment in preferred shares, allowing Dutch shareholders to avoid paying dividend taxes.

In Amsterdam trading, Unilever NV's Dutch shares rose 1.20 guilders to close at 69.50. Unilever PLC's British shares closed at 632 pence in London, up 21.

Unilever also announced a 41.2 percent rise in net profit for 1998, excluding extraordinary items, to 6.49 billion guilders. Those figures do not include capital gains booked in 1997 from the sale of the specialty-chemical assets. Operating profit for the year rose 28.5 percent, to 9.72 billion guilders.

Unilever has been trying to get rid of what it considers noncore assets to cut costs and focus on its strong stable of consumer-product brands.

While some investors were glad to see Unilever spend the cash from the asset sale, others said they would rather have seen an acquisition to complement Unilever's brand mix.

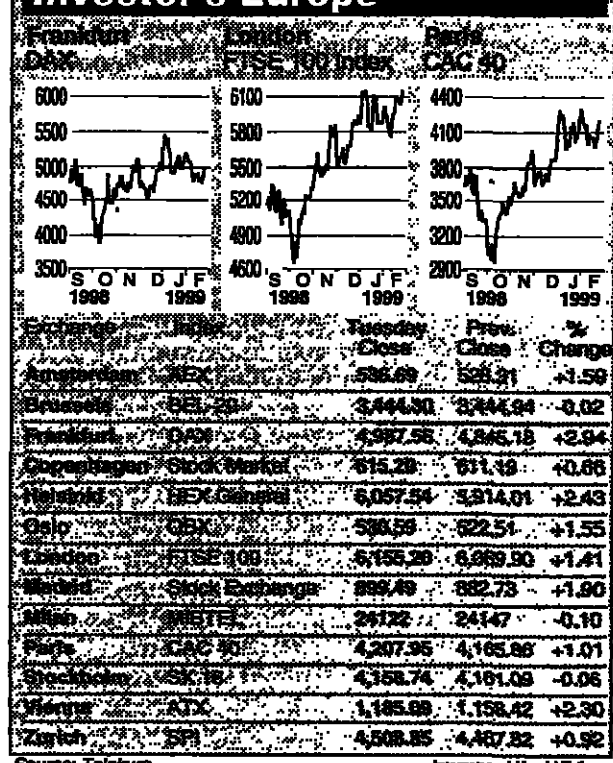
"It's a bit strange, considering there are so many American companies that could be bought," said Henk Boom, who helps manage 1 billion euros (\$1.1 billion) of stocks at Optimum Vermögensbeheer in Amsterdam.

"Takeovers are expensive but more worthwhile in the long term," he said.

But Unilever said that even after paying the dividend and allowing for a 100-for-12 reverse stock split, the company would still be able to make "major acquisitions," though probably not right away.

(Bloomberg, AFP, Reuters)

Investor's Europe



Very briefly:

- Thomson-CSF, Europe's biggest defense-electronics maker, is seeking to buy back as much as 10 percent of its shares for 895 million euros (\$987 million), and it said it may use the proceeds for acquisitions.
- National Westminster Bank PLC's pretax profit more than doubled in 1998 as a wide-ranging restructuring at the British lender helped cut costs. Earnings jumped to a record £2.14 billion (\$3.47 billion) from £975 million in 1997.
- Bayerische Hypo- und Vereinsbank AG's net profit more than doubled in 1998, to 3.8 billion Deutsche marks (\$2.14 billion) in 1998 from 1.8 billion DM a year earlier, but the results were swelled by gains linked to a share swap in the merger that formed Germany's second-largest lender.
- RWE AG, Germany's second-largest utility, said first-half net income rose 15.2 percent, to 721 million DM, as one-time gains and cost cuts outweighed falling sales.
- Ciba Specialty Chemicals AG reported a worse-than-expected 1998 net loss of 739 million Swiss francs (\$512 million) and said it saw pressure on margins continuing.
- Kvaerner ASA, Europe's largest shipbuilder, posted a fourth-quarter loss of 416 million Norwegian kroner (\$52.8 million) as four of its six business units lost money.
- Casino Guichard-Perrachon SA, France's third-largest publicly traded food retailer, said 1998 net income rose 27 percent, to 1.42 billion francs (\$238 million), helped by the purchase of two discount food retailers.
- BG PLC, Britain's gas-transportation company, said fourth-quarter net income more than quadrupled, to £271 million (\$441 million) from £67 million a year earlier.

Bloomberg, Bridge News, Reuters

WORLD STOCK MARKETS

Tuesday, Feb. 23
Prices in local currencies
in euros for EU countries.
Telexes

High Low Close Prev.

Amsterdam

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Market Closed

The Shenzhen stock market was closed Tuesday for a holiday.

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That Is the Bitter Lesson Learned by Dell Computer in a Sell-Off Week

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ASIA/PACIFIC

The New, Global HSBC Reflects a 20-Year Transformation

By Mark Landler
New York Times Service

HONG KONG — Peering down from the 28th floor of the Hongkong & Shanghai Banking Corp. building, which resembles nothing so much as an urban oil rig, there is little doubt that the bank, one of the world's richest, was built on a geysir of wealth from this former British colony.

But as the bank announced its 1998 earnings here Monday against the spectacular backdrop of Victoria Harbor, one could not help wondering: What ever happened to the Hong Kong in Hongkong Bank?

For the first time, the bank's London-based parent, HSBC Holdings PLC, reported its full-year earnings in U.S. dollars. HSBC executives said they would seek a listing on the New York Stock Exchange this year, in addition to the company's listings in London and Hong Kong. Having U.S. shares would make it easier for HSBC to acquire a bank in the United States should it desire to do so.

And in the most symbolic announcement, HSBC executives laid out plans to market the company's far-flung holdings — from British Bank of the Middle East to Marine

Midland Banks Ltd. in the United States — as a single entity. That means, as the company announced late last year, that the names of those holdings, including Hongkong Bank, will all be changed to HSBC.

In doing so, analysts said, HSBC is trying to fashion a global brand name to compete with Citibank in many world markets.

[A spokesman for Citigroup Inc., Citibank's parent, said Tuesday it would build up its consumer banking and other operations in South Korea with the goal of doubling market share, Bloomberg News reported from Seoul.]

A streamlined global HSBC is the product of a two-decade transformation from a local Hong Kong bank into the world's fifth-largest Asia's financial crises. HSBC has been among the world's most profitable banks.

"The group's strategy of diversifying our assets has clearly been undertaken so that we don't have too many eggs in one basket," said Keith Whitson, the chief executive of HSBC, in an interview. "I think the strategy has been vindicated by the events of the last 18 months."

If Hong Kong plays a lesser role in HSBC's public image these days, it may be because Hong Kong and Asia have gone from being the motor that drives HSBC to a shuddering brake on the company.

Thanks to a huge increase in provisions for bad loans at Hongkong Bank, HSBC's overall net income fell 21 percent, to \$4.3 billion, in 1998. While profit rose 0.2 percent in Britain and 11.8 percent in the United States, it plummeted 46 percent in Hong Kong.

Five years ago, Hong Kong generated two-thirds of the pretax profit of HSBC Group.

In 1998, it generated just 37 percent. Indeed, 1998 was the first year in HSBC's history that its Hong Kong and Asian operations contributed less than overall profit, than its European operations: 38 percent versus 44 percent.

The results did not surprise analysts. They were, however, a sobering reminder that Asia's financial crisis is far from over.

Although the bank said its markets in Indonesia, Thailand and South Korea had bottomed out, it said it was still battling a rising tide of bad loans in Malaysia, Hong

Kong and, to a lesser extent, China.

"The Asian operations are the backbone of our group," Mr. Whitson said. "But I don't think anybody could have seen the dramatic devaluations and downturns that we've experienced in this region."

In the last century, of course, the bank has successfully weathered wars, revolutions and financial crises in Asia. It had been the dominant banking power in the booming trading city of Shanghai before the Communists took control in 1949 and seized the bank's ornate office headquarters.

And while the bank is currently playing down its Asian roots, some analysts say that HSBC is poised to go on a shopping spree for distressed banks in the region. HSBC's \$700 million acquisition of a controlling interest in Seoulbank of South Korea announced Monday, appears to be its first such deal.

Still, HSBC is clearly climbing out of the Asian trough and making itself a different company, by plunging into the American capital markets. HSBC is ready to stake its claim as a pre-eminent global bank.

But first it must remake its internal culture. Long a bastion of Britons from elite schools who presided over their Asian outposts almost like colonial governors, HSBC is now training specialists in growth areas such as personal wealth planning and credit cards.

Although HSBC is still ruled by international officers — a corps of 350 generalist bankers who can hop from Brunei to Buffalo, New York, with aplomb — it has begun to recruit outsiders from Citibank and McKinsey & Co.

"It's an evolutionary process," said Roy Ramos, a banking analyst with Goldman, Sachs & Co. in Hong Kong. "HSBC had a very inbred culture, and it worked. But they could use new blood."

HSBC's decision to sell its shares in New York has prompted speculation that the company may hope to raise capital to acquire a major American bank. Wells Fargo & Co. is the most frequently mentioned candidate.

"Everybody is trying to match up with somebody. It's amazing," Mr. Whitson said. "We're not about to go charging off just for the sake of making an acquisition or a merger. We're very focused on shareholder value."

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11000	1500	17000
10000	1400	16000
9000	1300	15000
8000	1200	14000
7000	1100	13000
6000	1000	12000
5000	900	11000
4000	800	10000
3000	700	9000
2000	600	8000
1000	500	7000
0	400	6000
1998	1998	1998
Exchange Index	Index	Index
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
1,400.43	1,400.18	+0.22
Sydney All Ordinaries	2,924.00	2,916.30
Tokyo Nikkei 225	14,500.65	14,566.67
Kuala Lumpur Composite	562.79	562.61
Bangkok SET	333.71	334.62
Seoul Composite Index	502.88	508.49
Taipei Stock Market Index	6,180.94	6,313.63
Manila PSE	1,958.70	1,939.69
Jakarta Composite Index	397.94	398.67
Wellington NZSE-40	2,234.43	2,261.39
Bombay Sensitive Index	3,283.97	3,303.89

Source: Reuters

Very briefly:

- Hong Kong consumer prices fell in January for the third straight month, by 1.1 percent from a year earlier, and HSBC Holdings PLC is forecasting deflation for 1999 of 1.5 percent.
- The Export-Import Bank of Japan signed contracts in Seoul to lend \$1.05 billion to the South Korean energy companies Korea Electric Power Corp. and Korea Gas Corp.
- Taiwan's current-account surplus fell 77 percent, to \$525 million, in the fourth quarter of 1998 as exports to other Asian nations dropped. For all of 1998, the surplus in goods, services and money transfers slumped 55 percent, to \$3.45 billion.
- Thailand's auto industry will see an increase in import taxes on vehicle parts, but the government also said it would abolish content rules for cars and trucks assembled locally.
- Philippine Airlines Inc. agreed to resume payments to General Electric Capital Corp. and two other aircraft lessors, heading off attempts to seize much of its remaining fleet.
- Deutsche Bank AG, Europe's second-biggest bank, hired Wei Ding from the World Bank to head its China business.
- Solomon Lew, one of Australia's richest men, raised his stake in Hoyts Cinemas Group, the second-largest cinema company in Australia, to 5 percent.
- Australian company profits rose 3.7 percent to a record 13.25 billion Australian dollars (\$8.3 billion) in the fourth quarter, above market expectations.

Thai Central Bank Wants Lower Rates

Bloomberg News

BANGKOK — The central bank called on commercial banks Tuesday to reduce lending rates — already at their lowest levels in almost three decades — to help companies battle Thailand's deepest recession in a generation.

Bangkok Bank PCL, Thailand's largest bank, cut its best lending rate Tuesday to 9.75 percent from 10.5 percent, while the third-ranked Thai Farmers Bank PCL lowered rates half a percentage point, to 9.5 percent, the lowest rate of any Thai bank. Still, the Bank of Thailand says further cuts are needed. "The recent cuts in lending rates are not enough," the central bank governor, Chatumongkol Sonakul, said.

Japan Bonds Tumble After Weak Auction

Compiled by Our Staff From Dispatches

TOKYO — Japanese bonds suffered their biggest loss in two weeks Tuesday as an auction of 10-year bonds met weak demand ahead of a flood of new debt to fund programs to revive the economy.

The sale of 1.4 trillion yen (\$11.58 billion) in bonds was poorly received despite a series of government efforts to spark demand. The government reduced the size of the sale, cut overnight interest rates, and stepped up bond purchases, but still investors shied away from the auction.

The supply situation is still bad despite the government's efforts, so I don't feel like buying

new 10-year bonds," said Akitori Ito, chief portfolio manager at Nikko International Capital Management Co., with assets of 900 billion yen.

Investors are wary because the Finance Ministry plans to flood the market with 71.1 trillion yen in bonds in the fiscal year starting April 1. That represents a 23 percent increase in bond sales from the current year.

The sales are part of a spending program aimed at reviving the economy, which is projected to shrink 2.2 percent in the year ending March 31.

The benchmark No. 203 bond maturing in 2008 fell 0.96, or 479

yen per 50,000 yen bond, to 99.563, the biggest decline since Feb. 5. That pushed the yield up 12 basis points to 1.855 percent.

The benchmark yield declined 41 basis points in the previous five days after the central bank cut its target for the overnight lending rate between banks to 0.15 percent from 0.25 percent on Feb. 12.

The Ministry of Finance also had announced it would auction just 1.4 trillion yen of 10-year bonds this month, less than the 1.8 trillion yen originally planned. In addition, the ministry plans to buy 300 billion yen in bonds from the secondary market by the end of next month. (Bloomberg, AFP)

Earnings Halved For Matsushita

Bloomberg News

OSAKA, Japan — Matsushita Electric Industrial Co., the world's largest maker of consumer electronics, said Tuesday that third-quarter earnings fell almost by half because of sliding prices for computer displays and hard-disk drives.

Net income at the maker of Panasonic, National, Quasar and Technics brands slipped more than expected to 20.3 billion yen (\$166.7 million), in the October-December quarter, from 39 billion yen in the like period in 1997.

Sales shrank 7 percent to 1.94 trillion yen.

Matsushita forecast that earnings and sales will both decline further for the year ending March 31.

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February 23, 1999

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WORLD ROUNDUP

Atlanta Offenses
'Not Worth Inquiry'

OLYMPICS The U.S. Olympic Committee intends to inform the International Olympic Committee this week that Atlanta officials who bid for the 1996 Summer Olympics gave excessive gifts and airplane tickets to IOC members but that the USOC does not intend to investigate these improprieties, the organization's top lawyer said.

Atlanta bid officials "clearly violated some rules," Scott Blackmun, the USOC's general counsel, said Monday. "Looking at the cost of this thing to us, I've recommended to our leadership here that our money is better spent on athletes and programs than it is on a whole new investigation of an organization that doesn't exist any more."

Blackmun also said the USOC, in response to a subpoena, has shipped 22 boxes of records to the U.S. District Court in Salt Lake City, Utah, where a grand jury is examining allegations of bribery involving former members of the Salt Lake City bid committee. (WP)

Sergio Santander, who faced expulsion from the IOC for his role in the Salt Lake City scandal, resigned Monday as president of Chile's national Olympic committee. Santander, 72, has admitted receiving \$4,700 from Tom Welch, former president of the Salt Lake City bid organizers, but called it a personal contribution to an unsuccessful political campaign in 1993. Santander cited medical reasons for stepping down. (AP)

Vikings Coordinator Dies

FOOTBALL Chip Myers, the Minnesota Vikings offensive coordinator, has died of a heart attack, the team said Thursday. He was 53.

Myers was promoted to offensive coordinator just a month ago after Brian Billick left to coach the Baltimore Ravens.

Myers was a receiver for eight years with the Cincinnati Bengals, and made the Pro Bowl once.

A Minneapolis radio station reported that Myers died Monday night at his Minneapolis home.

The San Francisco 49ers traded Ty Detmer, a backup quarterback, to the expansion Cleveland Browns. The Browns gave the 49ers a fifth-round draft pick and swapped fourth-round picks. Detmer, 31, signed a seven-year, \$14 million contract with the Browns.

New Orleans on Monday terminated the contract of Heath Shuler, an underachieving quarterback. (AP)

Alou Could Miss Season

BASEBALL Moises Alou, an All-Star outfielder with the Houston Astros, ripped up his left knee when he fell off a treadmill and is expected to miss most, if not all, of the season. (AP)

Blackhawks Fire Coach

ICE HOCKEY Dirk Graham was fired as coach of the Chicago Blackhawks on Monday. Assistant Lorne Molleken took over as interim coach. Graham, 16-35-9 in his first season as coach, will remain with the organization. (AP)

Ref Charged with Murder

SOCCER A South African soccer referee appeared in court in Johannesburg on Tuesday charged with murdering a player. Police said the incident occurred Sunday at a small stadium 180 kilometers (110 miles) northwest of Johannesburg in a match between the Try Agains and the Wallabies watched by 600 spectators. (AFP)

Ali's Daughter Follows
In Father's Footsteps

'I'm Going to Be Like Dad's Son That He Never Had — I've Always Been Aggressive'

By Timothy W. Smith
New York Times Service

LOS ANGELES — Laila Ali went to her father's Beverly Hills hotel suite three weeks ago to get his blessing. She had decided she wanted to box, to follow in his footsteps and perhaps one day earn some six-figure purses. But Laila Ali, 21 years old and her hands already bearing the scars from her early work in the ring, did not know how to begin, and so she sat down across from her famous father and just blurted it out in one long stream.

"Well, Daddy," she said, recalling her conversation with her father, "I want to tell you I'm going into professional boxing, and I love you, and I want your support, and I want to tell you that even if I don't have your support, I'm going to do it anyway."

Muhammad Ali, his face an expressionless mask as the result of Parkinson's disease, dropped his head and paused. "But I don't want you to get hurt," Laila Ali said her father told her, his voice barely above a whisper.

"Daddy, I'm not going to get hurt," she said. "I'm going to be fighting women, not men. And I have your genetics."

Muhammad Ali laughed. Then, he asked his youngest daughter among nine children to stand up and show him her best prefight stare-down. He told her to

boxing is a publicity stunt, she is going to great lengths to pull it off.

"She comes to the gym every night like clockwork," said Richard Allen, the owner of the L.A. Boxing Gym, where the lightweight world champion, Shane Mosley, works out. "She really works hard. She wants to learn. And she's not a prima donna."

Right now, her biggest opponent is a heavy bag, and she admits she is a neophyte. She said she wants to box because it is in her blood and she believes she has a natural appetite and ability. Her trainer, Kevin Morgan, agrees. He thinks Ali, who runs a beauty salon as her day job, will be ready for her first professional bout in about six months.

Laila Ali is one of two daughters Muhammad Ali had with his second wife, Veronica. The two divorced when Laila was 7. She never saw her father box in person, and she has few memories of living under the same roof with him.

But by boxing, Laila Ali believes that her father will gain a greater appreciation for her as his child.

"He's naturally going to see himself in me," she said, adding, "For the first time, I think he actually can see that this is my child."

Her determination to fight with or without his approval, she said, underscored that sense of recognition. "Dad never listened to anybody," she said with a smile. "So what can he say?"

Indeed, her father's approval is grudging, at best. A longtime friend of Muhammad Ali, who declined to be identified, said he had once asked him what he would do if his oldest son, Ibin Muhammad, now 25, wanted to box.

"He said first he would try everything he could to talk him out of it and then he'd do everything he could to help him," the friend said. "I would think he's probably on that first stage with Laila right now. He probably wants to see how she's going to look in her first couple of bouts."

The friend also said that as of two years ago Ali had opposed female boxing because it went against his Muslim beliefs. Ali also was not keen on the decision of another daughter, Miriam, to be a stand-up comedian. Laila Ali, the former champion's wife, said the elder Ali had no comment on Laila's decision to box.

"Don't read anything into that," Laila Ali said of her husband's lack of public comment. "This is something that Laila wants to do. It has nothing to do with Muhammad."

"He told me that it was a dirty business, that he never had, and I don't mean to sound rude," said Laila Ali, whose older brother has shown no inclination to fight. "I'm the only one who can do it. I've always been aggressive."

The prospect of Laila Ali, a woman with a marketable name but no proven skills, becoming a professional boxer raises many questions. Boxing talent is not a surefire inherited trait, and because she has yet to throw a punch, it is impossible to know whether she will be a star or a flop.

Christy Martin, the top female boxer in the game, said Ali could be a great bonus for the sport. Martin earns \$100,000 to \$150,000 a bout, while female boxers at the start of their careers typically make about \$200 a round.

"If she has to use her father's name, that's absolutely fine," Martin said. "If you have a break, use it to its fullest." "She is Muhammad Ali's daughter," she added. "And that's fine. If it were Muhammad Ali's son, he'd get the same breaks as she would."

"But at some point, she's got to prove that she can fight," Martin said. "It won't last long if she can't fight."

At 5 feet 10 inches tall (1.78 meters) and 160 pounds (73 kilograms), Laila Ali is statuesque. She can be both peppy and playful, but there is no hint of insincerity in her expressive eyes. If her



Laila Ali, Muhammad Ali's daughter, at a local gym in Los Angeles.

keep her hands up, and the two, father and daughter, reluctant tutor and aspiring protégé, pretended to throw jabs at each other.

"I'm going to be like Dad's son that he never had, and I don't mean to sound rude," said Laila Ali, whose older brother has shown no inclination to fight. "I'm the only one who can do it. I've always been aggressive."

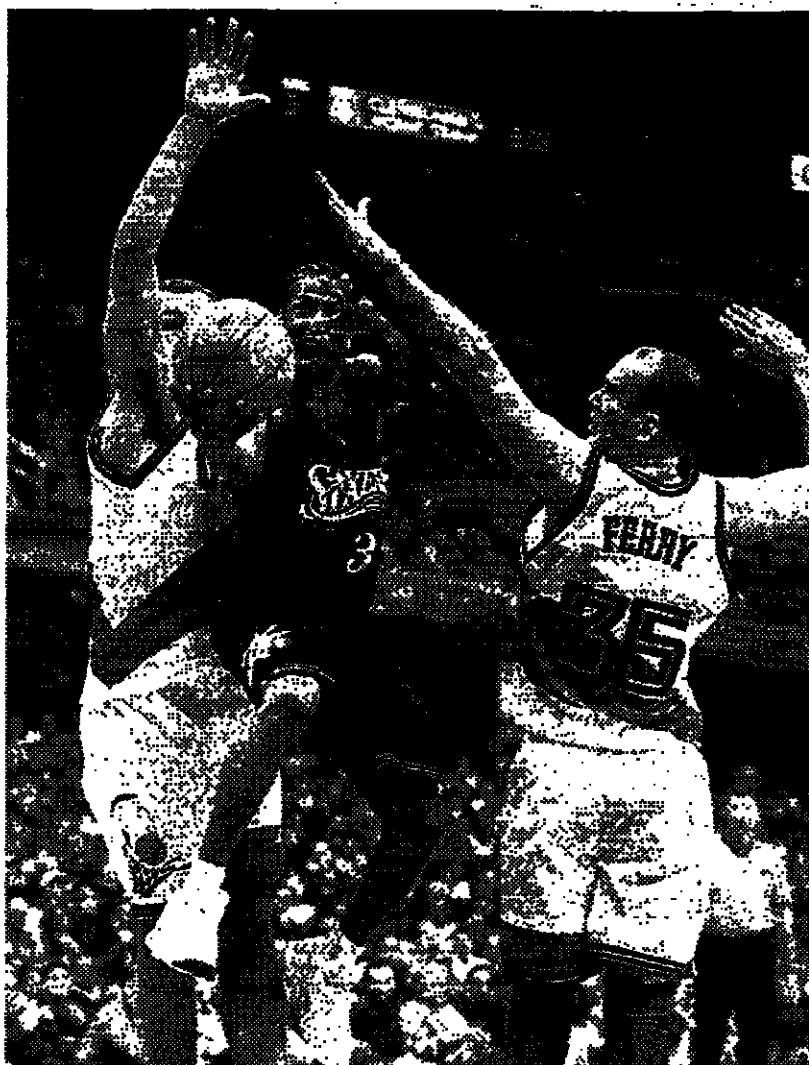
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Allen Iverson of the 76ers slicing between Vitaly Potapenko, left, and Danny Ferry of the Cavaliers to put up a shot in the second quarter.

Lockout and Defense Put
NBA in Scoring Drought

By Mike Wise
New York Times Service

NEW YORK — Vin Baker, the Seattle SuperSonics' all-star forward and a 62 percent free-throw shooter, missed his first 18 attempts this season.

After the 19th shot rattled round the rim and in during the seventh game of the season, Baker felt he had rid himself of an enormous burden.

The fact that a National Basketball Association player would be delighted at making a free throw may seem ridiculous to most fans, but it is becoming the way of life in the post-lockout NBA, the league that can't shoot straight.

Overall scoring has been declining each season in the 1990s, but new marks for offensive futility are being set in this shortened season.

"Well, we're not scoring a bunch of points, are we?" said a deadpan Rod Thorn, the league's senior vice president for basketball operations. "Wait a month or so to gauge where we really are. It's still early."

But even Thorn, who was in charge of implementing four rule changes before the 1997-98 season that were aimed at improving the overall quality of play (read: kick-starting stagnant offenses), has to be concerned after two weeks.

Teams are averaging 90.9 points a game, down from 95.6 last season. The 1993-94 season average was 101.5 points a game.

Ten teams are averaging fewer than 90 points, and only one — the Sacramento Kings — is averaging more than 100. That is more, three teams last week set regular-season franchise scoring lows, including one of the NBA's best passing teams, the Utah Jazz.

The Detroit Pistons set franchise lows twice recently, scoring 69 points in a loss to the New York Knicks and then 64 on Sunday in a loss to San Antonio. And the Philadelphia 76ers, featuring the electrifying guard Allen Iverson, failed to reach 70 points in back-to-back games last week.

Nowhere was the problem more evident than at Madison Square Garden, where the Knicks and the Chicago Bulls — the NBA's two lowest-scoring teams — got together for an Eastern Conference game. The Knicks won a horrendous display of basketball, 79-63, holding the Bulls to a franchise-tying low.

It was the fourth time in nine games that New York had held an opponent to fewer than 70 points.

Either there is some incredible defense being played on NBA players have suddenly become more proficient at chipping paint off the rim.

"It's the long layoff, which leads to lack of skills and conditioning and the compressed schedule, which means

more fatigue," Knicks Coach Jeff Van Gundy said. "Also, too, the fact that defense is always ahead of offense in every sport has an effect. I think scoring will pick up. It's just a matter of when."

The main culprit seems to be the labor dispute, which forced the league and the players union to cram 50 games into 89 days — and three games into three nights on some occasions.

The abbreviated two-week training camp and major roster changes have added to the poor quality of play.

Nettlesome injuries, too, have plagued the league, with prolific scorers such as Charles Barkley and Glen Rice sidelined for at least another few weeks.

Utah's 71-56 loss to Seattle last Tuesday was clearly the result of a tired and sore team unable to put the ball in the basket. Coming off an overtime victory at home the night before, the veteran Jazz traveled to Seattle for its fourth game in six nights without the banged-up starting guard Jeff Hornacek.

Baker was one of several players who showed up at training camp 15 pounds overweight.

The Bulls are indicative of chemistry problems; fans can hardly make out who the new-look Bulls are without a program.

Teams are simply shooting worse than they were last season, too.

Field-goal percentage is down more than two percentage points overall, from 45 percent last season to 42.6 percent this season.

"I think the trend in the league — notwithstanding that this season is an aberration — is that there are fewer and fewer shots, and fewer and fewer points scored," Thorn said. "I think it says a lot about the caliber of defenses. There aren't many teams that get shots off in the early part of the shot clock. Teams are usually running patterns that take between 16, 17 and 24 seconds. Consequently, there aren't as many shots taken."

"It's become a possession game," Thorn added. "Coaches are caught up in not wanting turnovers. 'Don't push it up the floor. Get the best shot you can.'"

Van Gundy does not totally agree, contending that teams want to run more, but they simply cannot. Two years ago, he was also a harsh critic of new rules, saying at the time, "Unfortunately in the NBA at this point, we're trying to make up rules to hide deficiencies of players."

"They know how hard it is to score in a half-court offense, and they'd like to get easy baskets," he said Monday. "But people are putting two and three players back in transition. The good teams aren't going to let you run the ball consistently. They're going to get back and make you play half-court."

Lakers Need
A Hand, and
Rodman Is
On the Way

The Associated Press

On a strange day in the National Basketball Association, one of the strangest events took place well away from any basketball court.

In Beverly Hills, California, Dennis Rodman, the free-agent forward, was in front of the cameras again Monday, acting as he always does.

At a news conference called by the seven-time defending rebounding champion to announce his intention of joining the Los Angeles Lakers, Rodman was tearful, vulgar, flamboyant and

NBA ROUNDUP

flustered as he said he planned to be in uniform alongside Shaquille O'Neal and Kobe Bryant soon.

A source close to Rodman said late Monday that while a contract had not been finalized, the deal was basically done. The source also said that Rodman, 37, expected to make his debut with the Lakers on Friday night against the Los Angeles Clippers. The Lakers issued a statement minutes after the news conference ended, saying they hoped to have Rodman signed and in uniform "very soon."

"What will make me happy is if I can bring this city a ring just like I did in Chicago," Rodman said. "I'm here just because I want to make people happy. I miss entertaining. I miss entertaining for the people. I play for the people. I give the people what they want."

"I'm not happy at all," he said, referring to the fact that the Lakers could offer him only a \$1 million veterans' minimum, which would be prorated to under \$500,000 because of the shortened season and the games he has missed.

"He doesn't have any money," Rodman's sister said before the forward abruptly ended the proceedings.

The Lakers could have used Rodman against the Nuggets on Monday night as O'Neal and Elden Campbell fouled out before Los Angeles lost, 117-113, in overtime in Denver.

Nick Van Exel, the Denver guard who was discarded by the Lakers last summer, shot 1-for-12 in regulation but scored seven points in the extra period as Denver won for just the second time this season. The Lakers, playing the second of three road games in three nights, dropped to 6-5.

"I'm hoping that this is going to give us a boost, because we need one," the Lakers guard Derek Harper said of Rodman's impending arrival. "Getting him will help. We need help as a team. He is a high-energy player."

Timberwolves 95, Spurs 89 In Minneapolis, Kevin Garnett, Stephen Marbury and Joe Smith combined for just five points in the fourth quarter, but Sam Mitchell scored 12 and Malik Sealy had nine as the Wolves extended the best start in franchise history.

Magic 107, Kings 96 In Orlando, the surprising Atlantic Division leaders shut down Sacramento's entertaining rookie, limiting Jason Williams to seven points and seven assists.

Nick Anderson scored a season-high 30 points, Penny Hardaway had 23 points and eight assists and Anderson and Darrell Armstrong hit clutch 3-pointers down the stretch after the Magic squandered most of a 13-point lead.

76ers 106, Cavaliers 97 Allen Iverson scored 37 points as Philadelphia won on the road. Iverson, who lit up the Cavs for a career-high 50 on April 12, 1997, scored 16 points in the third quarter as the Sixers opened an eight-point lead entering the final period.

Suns 101, Mavericks 83 In Phoenix, Jason Kidd had 17 points, 12 assists and 10 rebounds despite the flu as he posted his third triple-double in five games and the 23d of his career.

Jazz 104, Clippers 89 Shandon Anderson scored 13 of his 17 points in the second quarter as Utah beat Los Angeles at home to improve its league-best record to 9-1.

Bulls 77, Hawks 68 Chicago won in Atlanta in an atmosphere decidedly different from the previous time the Bulls were in town. During the Michael Jordan farewell tour last season, the Bulls drew an NBA record crowd of 62,046 at the Georgia Dome. On Monday, the crowd was 8,258.

Mark Bryant scored 16 points, Toni Kukoc and Randy Brown had 11 each and Ron Harper added 10 for the Bulls (2-8).

On a Streak, Capitals Beat Maple Leafs

The Associated Press

The Washington Capitals seem to have recovered from their Stanley Cup hangover. The Capitals, who lost to Detroit in last year's final, struggled for the first half of the season but they have put themselves back in sight of a playoff spot by winning eight of their last 11 games.

Washington started the season winning only seven of its first 22 home games, but its 4-3 victory over the Toronto Maple Leafs on Monday night was its fifth straight at home.

Mike Eagles scored the tie-breaking goal with 13:57 left, and James Black added an insurance goal with 11:12 remaining for the Capitals, whose recent surge has lifted them within four points of the Florida Panthers for the final Eastern Conference playoff spot.

"It's a huge win," Capitals coach Ron Wilson said. "Every team you play now, they're battling for their position in the standings and we're battling for ours."

Devils 3, Lightning 2 Brian Rolston scored twice and Martin Brodeur

NHL ROUNDUP

stopped 26 shots to help New Jersey win in Tampa.

Rolston opened the scoring at 17:10 of the first period and put the Devils ahead 3-2 with 4:54 left in the second period.

Brodeur stopped Benoit Hogue on a first-period breakaway and stopped Chris Gratton and Darcy Tucker from point-blank range in the second period.

Penguins 4, Coyotes 1 Ian Moran's shot from beyond the red line eluded

Nikolai Khabibulin, the Phoenix goalie, to set Pittsburgh on course for victory. Jaromir Jagr, the league scoring leader, was held scoreless for the second straight night, but the Penguins still stopped a three-game losing streak.

Stu Barnes had a two-goal game and Alexei Morozov also scored for the Penguins.

Blues 5, Kings 1 Pavel Demitra had two goals and two assists as St. Louis extended its home unbeaten streak over Los Angeles to seven games.

Flames 6, Rangers 2 In Calgary, Cory Stillman and Phil Housley each scored twice as the Flames beat New York. Stillman and Housley scored in both the second and third periods as the Flames extended their unbeaten streak to six games.

CROSSWORD

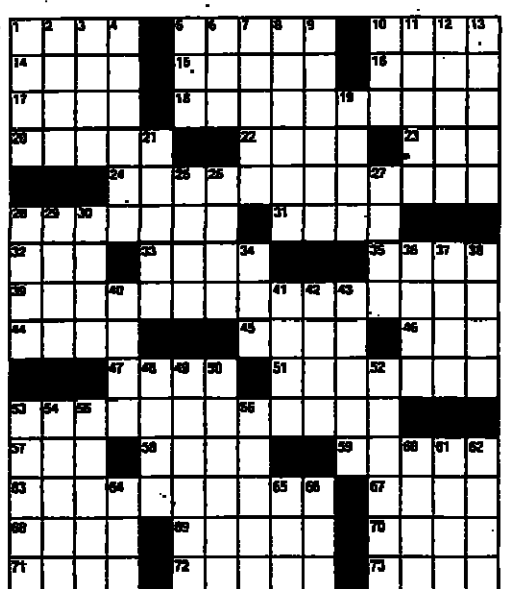
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54 "It's — Kiss"
(1964 hit)
55 Track events
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Solution to Puzzle of Feb. 23

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SPORTS

Pretnar's 2d Run Wins Slalom Gold

Blistering Pace Vaults Her to Top

The Associated Press
ARE, Sweden — Spela Pretnar of Slovenia turned in a blistering second run in difficult snow conditions to win a women's World Cup slalom under the lights Tuesday night.

Pretnar, who was ninth after the first run, had a combined time of 1 minute, 26.93 seconds down Gaistrup, the only illuminated slalom, and giant slalom course approved by the International Ski Federation.

It was sweet revenge for the young Slovenian, who came close to winning the event in the recent World Ski Championships at Vail, Colorado, where she skied out late in the second run.

Trine Bakke of Norway, who led after the first run, finished second, 18 hundredths of a second behind Pretnar.

■ Alsgaard Is Victor

Thomas Alsgaard of Norway, the Olympic champion, won the men's 15-kilometer freestyle pursuit in the Nordic Ski World Championships on Tuesday, edging Finland's Mika Myllylä by 0.7 seconds

in blizzard conditions. The Associated Press reported from Ramsau, Austria.

Earlier, Italy's Stefania Belmondo won her second gold medal of the week, taking the women's 10-kilometer freestyle pursuit.

Alsgaard was 15th in the 10-kilometer classical leg Monday, which also served as the first leg of the pursuit. He started the pursuit 37 seconds behind Myllylä, the 10-kilometer and 30-kilometer winner.

But Alsgaard steadily cut the deficit and caught up with Myllylä and Bjorn Daehlie, the Norwegian multiple Olympic champion, around the 12th kilometer. As Alsgaard surged ahead, Myllylä stayed with him, but Daehlie dropped behind.

"Once I caught up with Myllylä, my tactic was to stay behind and rest and sprint in the home stretch," Alsgaard said.

The plan worked, just as it did for Alsgaard in the 1998 Olympics, when he edged Daehlie at the finish line. Myllylä was unable to push ahead as the two sprinted home next to each other.

Daehlie, the eight-time Olympic champion and the most successful cross-country skier ever, finished sixth.

Alsgaard finished in 41 minutes, 35.9 seconds, for a combined time of 1:05:54.9. Fulvio Valbusa of Italy was



Stefania Belmondo celebrating her victory in the women's 10-kilometer freestyle pursuit in Ramsau.

third, 22.7 seconds behind. "Before the race, I didn't think it was realistic to think of the gold," Alsgaard said. "I just tried to run at my speed."

Myllylä was upset about racing in blizzard conditions. "My opinion is that we should not have raced," he said. "I wasn't happy. But it wasn't why I lost. Thomas was much stronger today and earned his gold medal."

Belmondo, who also won

the opening women's 15-kilometer race, made her move just after passing the halfway mark and kept up the pace until she crossed the finish line with an Italian flag in her hand.

"It was a tough race, but I am very happy about the way it turned out," said Belmondo, the 30-kilometer champion in the 1992 Olympics.

Nina Gavriluk of Russia finished second, 28.9 seconds back, and Irina Taranenko-Terelia of Ukraine was third.

FIFA Shows Who's the Big Boss

International Herald Tribune
LONDON — If the law according to the Dickens character Mr. Bumble is "a ass... a idiot," what does that make the keepers of the law?

In soccer the caricature penned by Charles Dickens more than a century ago seems appropriate. FIFA, which governs soccer in 203 countries, hastened to praise the decision of England's Football Association to play a cup game in which Arsenal beat Sheffield United by a goal that breached an unwritten code of sportsmanship. "A wonderful gesture," said Sepp Blatter, the FIFA president, "in the best spirit of the game."

The rematch was set for Tuesday. Players were primed to play the game again in the true spirit of sportsmanship. Police officers were drafted to secure the stadium and the streets around Arsenal's Highbury home in north London. Some 38,000 tickets were printed and sold at half price — and 6,000 Sheffield folk negotiated time off work or off school and set aside their savings for the costly business of repairing the nearly 640-kilometer (400-mile) round trip for a Cup match annulled by common consent.

But last Saturday, at a meeting of the International Board, the ultimate council of soccer law, Michael Zen-Ruffinen, once a referee and recently elevated by Blatter to be FIFA general-secretary, blew the whistle on those, including his boss, who had been quick to praise this rebirth of Corinthianism.

FIFA, Zen-Ruffinen declared, needed clarification of what law England's FA applied to sanction the gesture made by Arsenal and accepted by Sheffield. And FIFA, having done nothing for a week, proposed an Emergency Committee to decide whether to allow the English the honor of replaying a game unique in the history of a competition begun 127 years ago — long before FIFA invented itself.

"There are a number of possible outcomes," Zen-Ruffinen suggested, "and one of them is that the replay will be

cancelled." Mr. Bumble lives. The emergency session began Monday afternoon, after the Sheffield team had started its journey to London, after the fans, who should matter to this sporting industry, made their arrangements.

It continued in Zurich long into Monday evening while, apparently, senior FIFA members upbraided Blatter for applauding English fair play without consulting the body of FIFA opinion. In London, the FA breathed defiance and Arsenal suggested that, with or without blessing from on high, it would play the match a second time or withdraw from the competition.

This weird tale began after a Sheffield player had been injured and the ball was kicked out of play so he could receive first aid. By custom, Arsenal should have thrown the ball back to Sheffield at the restart; instead Nwankwo Kanu and Marc Overmars took advantage of Sheffield's expectation of fair play and scored.

No written law was broken, but the accepted spirit of fair play was. So Arsenal offered the replay, and to popular acclaim, it was agreed. However, dissent grew because of fears of setting a precedent and because some FIFA executive committee members decided to show that they, not the ancient Football Association in London, are the lords of soccer law.

Finally, and, we are told, narrowly, word came Monday evening, that FIFA conditionally consented to the replay Tuesday. The condition bound both teams to sign a declaration that the original result stands in the record books but that they accept the outcome of the rematch as decisive for qualification for the next round.

I think FIFA wasted the emergency session. The replay may have been impulsively agreed — and impulse makes questionable law — but once announced

it had to stand. Imagine the repercussion, in terms of real law, had the game been canceled at the 11th hour and someone had been hurt in the pursuit of anger of the people.

The pity is that FIFA could have used its meeting for something which deserves higher priority. Young players around the globe are preparing for FIFA's world Under-20 championship in Nigeria in April. The dangers to their health are grave. This is neither the first time Nigeria has been promised the event, nor the first fears that instability and disease make Nigeria an irresponsible choice of venue.

Players of Leeds United — the English again! — were withdrawn from selection during the weekend. "It's not a football decision," said David O'Leary, the Leeds manager. "The board decided not to release any of our players. If FIFA says we can't use them here while the tournament is on, we're not worried, but the welfare of those players has to be our first concern."

Leeds is a team built on youth. Five of its starters were chosen by England or Ireland, for the Nigeria tournament. There is disquiet over recent kidnappings, fear over reports of military and police harassment, alarm over British Foreign Office advice to beware crime and not to take internal flights in Nigerian, where aircraft maintenance is suspect.

Africa is important to soccer. It is a basin of emerging talent in need of help and hope. Its votes helped elect the last two FIFA presidents. But Nigeria, which invested \$100 million in infrastructure and was then deprived of the 1995 Under-20 tournament at short notice after outbreaks of cholera and meningitis, was deemed potentially harmful to health. There are fears over both diseases again.

Rob Hughes is the chief sports writer of The Times of London.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Team	W	L	Pct	GB
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Orlando	9	2	.818	—
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Miami	6	3	.667	2
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New York	5	4	.556	3
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Philadelphia	4	5	.444	4
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Washington	4	4	.500	3 1/2
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Boston	3	5	.375	4 1/2
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New Jersey	2	7	.222	4 1/2
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CENTRAL DIVISION

Indiana	7	3	.700	—
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Atlanta	5	5	.500	1
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Charlotte	4	4	.500	1 1/2
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Cleveland	4	4	.500	1 1/2
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Detroit	4	4	.500	1 1/2
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Toronto	3	5	.375	2 1/2
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Chicago	2	8	.200	5
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Charlotte	1	7	.125	5
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WESTERN CONFERENCE

PACIFIC DIVISION

Utah	9	1	.900	—
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Minnesota	6	4	.600	3
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Houston	6	4	.600	3
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San Antonio	6	4	.600	3
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Vancouver	5	5	.500	4 1/2
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Denver	2	8	.200	7
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Dallas	2	9	.182	7 1/2
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PACIFIC DIVISION

Seattle	6	2	.750	—
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Portland	6	2	.750	0
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Phoenix	6	2	.750	0
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L.A. Lakers	5	3	.625	1 1/2
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Sacramento	5	3	.625	1 1/2
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Golden State	4	4	.500	3
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L.A. Clippers	0	9	.000	9
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REBOUNDING

Philadelphia	22	20	24-30
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Cleveland	14	23	14-25
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P. Pistons	12-22	10-12	22-32
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C. Anderson	11-14	14-15	25-27
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Rebounds—Philadelphia 45, Detroit 7.

Cleveland 42, K. Kings 45.

Philadelphia 34, Detroit 30.

21 (Anderson 10).

Chicago	23	18	15-27
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Atlanta	14	23	14-25
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C. Bryant	9-23	16-21	21-27
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S. 1-12	11-12	11-12
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A. Henderson	5-12	4-14	14-25
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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2-11	11-12	11-12
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WESTERN CONFERENCE

PACIFIC DIVISION

Utah	9	1	.900	—
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Minnesota	6	4	.600	3
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Houston	6	4	.600	3
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San Antonio	6	4	.600	3
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PACIFIC DIVISION

Seattle	6	2	.750	—
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Portland	6	2	.750	0
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Phoenix	6	2	.750	0
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L.A. Lakers	5	3	.625	1 1/2
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L.A. Clippers	0	9	.000	9
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REBOUNDING

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2-11	11-12	11-12
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POSTCARD

Hollywoodian Russia

By Daniel Williams
Washington Post Service

MOSCOW — Ever since Lenin singled out movies as the most important art form, releases of major films in Russia have been regarded as political as well as entertainment events.

In a big, self-conscious way, Russia renewed the tradition Saturday night. "The Barber of Siberia," the most expensive Russian production since the collapse of the Soviet Union, premiered — and not just in a movie theater, but inside the Kremlin walls.

Until now, movies here have largely focused on the dark side of life — economic hardship, mafia shootouts, corrupt Russians scheming on a decayed urban battleground. But in "The Barber of Siberia," all Russians are noble, and Russia, at least in its 19th-century version, is picture-postcard beautiful.

Galas are out of fashion in crisis-depressed Moscow, so this premiere was a break in the gloom. The movie was shown in the State Kremlin Palace, a Soviet-era behemoth. An army band played classical tunes in the lobby and boys in 19th-century military uniforms danced with girls in white gowns. Ushers handed out souvenirs.

The guest list included leaders past and present: Prime Minister Yevgeny Primakov, Mikhail Gorbachev, the last Soviet leader, former Prime Minister Viktor Chernomyrdin and the Communist Party leader, Gennadi Zyuganov. Also present were heads of other political parties and the cultural elite.

The ghost at this banquet was President Boris Yeltsin, who rarely makes appearances

nowadays because of chronically bad health. Perhaps more curious than his missing presence was the absence of his name in the list of thank-yous announced by the film's director, Nikita Mikhalkov, even though Yeltsin's government put up millions of dollars to bolster the movie's \$45 million budget.

Mikhalkov is Russia's most prominent contemporary filmmaker. He won an Oscar for his 1994 film "Burnt by the Sun," and his list of hits dates back to Soviet times.

"The Barber of Siberia" is a story of love between an American prostitute and a young Russian military officer named Andrei Tolstoy, set in the late 1800s. The prostitute, played by Julia Ormond, has come to Moscow to persuade a Russian aristocrat to pay for the development of a machine that cuts down trees at a horrific rate. The inventor, played by Richard Harris, wants to harvest timber all the way from the Urals to the Pacific coast — he calls his machine the Barber of Siberia.

The Russian actor Oleg Menshikov plays the cadet who falls in love with the prostitute, attacks his commanding officer in a fit of jealousy and is sent off to Siberian exile.

Despite that sad scenario, the joint French-Russian production is largely light-hearted. "Barber" shows Russians as they prefer to see themselves: fun-loving, naive and basically good-hearted.

Mikhalkov's myth-making comes in the midst of a ponderous search for a post-Soviet identity. "Whether we want it or not," said the magazine Kommersant Vlast, "this Hollywood-scale myth-maker becomes the main and only ideologist of our statehood."

Blondie Revives Its Modern, Charismatic Sound

By Ann Powers
New York Times Service

NEW YORK — Do you really want to know the whole odd story? asked the guitarist Chris Stein, peering skeptically across the coffee table in a midtown hotel suite. He was explaining why Blondie, the punk era's best-selling group and, later, one of its many train wrecks, has regrouped after 16 years to record "No Exit," an album of new studio material.

Encouraged to tell all, Stein dived into an anecdote that was typically Blondie: very New York, marked by surprising connections and full of charm.

"I live in TriBeCa, which is being horrifically gentrified," he began. "My neighbor was getting kicked out of his loft. I was trying to raise money for his legal fees, but I don't really have any money. So I was going to sell a couple of my gold records. I called up a rock 'n' roll collector who turned out to be the husband of Jackie LeFrak, the daughter of the housing developer. And her sister was the girl 'Denise' was written about."

"Denise," a hit for Randy and the Rainbows in 1963, is a catchy throwaway written by the veteran songwriter Neil Levenson in honor of LeFrak, whom he spotted at a Long Island swimming pool. Thirteen years later, Blondie remade the song as the gender-bent "Denis," and it became an international hit.

A blonde had conquered twice with "Denise," first as muse and then as singer. Stein, 49, felt lucky when the two blondes converged again, and at the urging of Denise LeFrak's brother-in-law, he started organizing the band's return.

"That's why we have to have humor in what we do," said Deborah Harry, 53, whose lustrous voice and famous fondness for peroxide gave her band its name. "Everything is so totally absurd. You have to start recognizing and cherishing the absurdities in life because you can't stop them."

All four original Blondie members — Harry, Stein, the keyboard player Jimmy Destri, 44, and the drummer Clem Burke, 43 — had reason to listen to fate and consider a comeback.

Blondie's success had been the high point of their public lives. At the turn of the 1980s, the group sold more than 40 million copies of its six studio albums. Songs like "Heart of Glass" and "Rapture" broke ground by mixing rock with disco and rap, while the modernized girl-group style that Blondie also perfected became a blueprint for other female-fronted bands.

With her sweet-and-sour voice and comic sex bomb persona, Harry was both an embodiment and a parody of mass-marketed desire. But Blondie's wild ride ended badly, with the players at one another's throats. Tax problems and legal wrangles with former associates drained away much of the group's profits.



The band members, left to right: Jimmy Destri, Deborah Harry, Clem Burke and Chris Stein.

Stein endured a near-fatal skin disease; his long romance with Harry ended after she nursed him through it. Destri briefly became a contractor in Brooklyn to support his family.

Burke flourished as a drummer for hire in Los Angeles, and Harry continued a lower-key career, acting in independent films and expanding her vocal style with the Manhattan-based Jazz Passengers. But the temptation to rekindle Blondie was great enough for these veteran rockers to take another chance on one another.

"At first we talked about doing a compilation with a couple of new songs," Destri said. "Then I saw the Sex Pistols' comeback tour and got really depressed. I didn't want it to be like that, just rebashing the old material."

The collaborative nature of "No Exit," which is apparent from the evenly distributed writing credits,

highlights the danger that haunts Blondie even more than the risk of becoming desperate denizens of the revival circuit. The group's great triumphs had come at a cost: Harry's enormous attractiveness obscured not only the talents of her bandmates, but also her own.

"Blondie is a group," one publicity campaign declared, but few seemed to believe it. "No one really paid attention to Debbie's singing style and how great a writer she was, because they couldn't get past the image," Destri said.

Harry's fans, and perhaps she herself, could not always see that Blondie's charisma was not just a matter of her good looks. "The Blondie character," as Harry always called it, embodied female sexuality as part threat, part unattainable goal, part parody.

Harry turned the process of confronting her own appeal into per-

formance, and her bandmates made it into music. Together, they created songs that captured exquisite longing, expressing the same emotions their singer aroused.

By making music that examined desire, instead of simply declaring it, Blondie invented a particularly mature form of rock 'n' roll. The group modernized the innocent expressions of the girl groups and garage bands by investing them with greater self-awareness. Each member added to the formula: Burke brought an archivist's knowledge of classic rock; Destri's Farfisa organ resurrected the street dreams of the Shangri-Las, and Stein, a former art student and dedicated bohemian, connected these elements to the Pop Art avant-garde.

In Blondie, Harry becomes the voice her bandmates hear in their heads, their muse talking back to them. But is it Debbie they hear, or is it "Blondie"?

"It's Debbie-Blondie," Destri said. "Like Batman-Bruce Wayne."

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"It's Debbie-Blondie," Destri said. "Like Batman-Bruce Wayne."

"Maria," the single from "No Exit" that has already scaled the charts in Europe, is a prime example of this superheroine-style switch. A bouncy ode to infatuation written by Destri and roughed up by the one-two punch of Stein's guitar and Burke's drums, "Maria" gains depth through Harry's singing, which mimics the path of a crush from casual interest to swooning anticipation to desperate insistence.

Blondie's music continues to revolve around such romantic mysteries. "No Exit" even includes a version of "Out in the Streets," the Shangri-Las' ultimate expression of yearning, a love letter from a gangster girl to her restless rebel boy.

The new recording's hip-hop beat reveals that Blondie the band still knows what it takes to be modern. But Harry's haunted, haunting voice captures what the band taught the world the first time around: that love's elusiveness is an intriguing puzzle that never resolves and that pop is an ideal way to enter into it.

PEOPLE

THE ROYAL Swedish Academy of Music has awarded the Polar Music Prize to the singer Stevie Wonder and the composer Iannis Xenakis. The prize, endowed by the late Stikkan Andersson, whose record company released the Swedish pop group ABBA's hits, is given annually to one popular and one classical musician. Each recipient gets 1 million kronor (about \$125,000).

The rap star Coolio has pleaded not guilty in Superior Court in California to carrying a concealed weapon in his car. He was pulled over by a sheriff's deputy in September for allegedly driving on the wrong side of a street in Lawndale, California. Coolio told the deputy that he had a gun in a door pouch, prosecutors said. The deputy allegedly seized a 9mm semiautomatic pistol. The 35-year-old rapper, who was convicted in 1994 of a similar offense, remains free pending a pretrial hearing next week.

The head of the squeaky-clean Brady Bunch as a porn queen? No way, says the

actress Florence Henderson. She has sued a Southern California clothing maker to prevent it from advertising or selling T-shirts and other items bearing her photograph and the words "Porn Queen." The words are "highly offensive and false," said her suit filed in Los Angeles Superior Court against the company, Serial Killer Inc. It seeks unspecified damages. The singer and actress is perhaps best known as Carol Brady, the "lovely lady" whose three girls, along with her husband's three boys, formed TV's "The Brady Bunch" in the 1970s.

France Honors 2 U.S. Veterans of World War I

The Associated Press

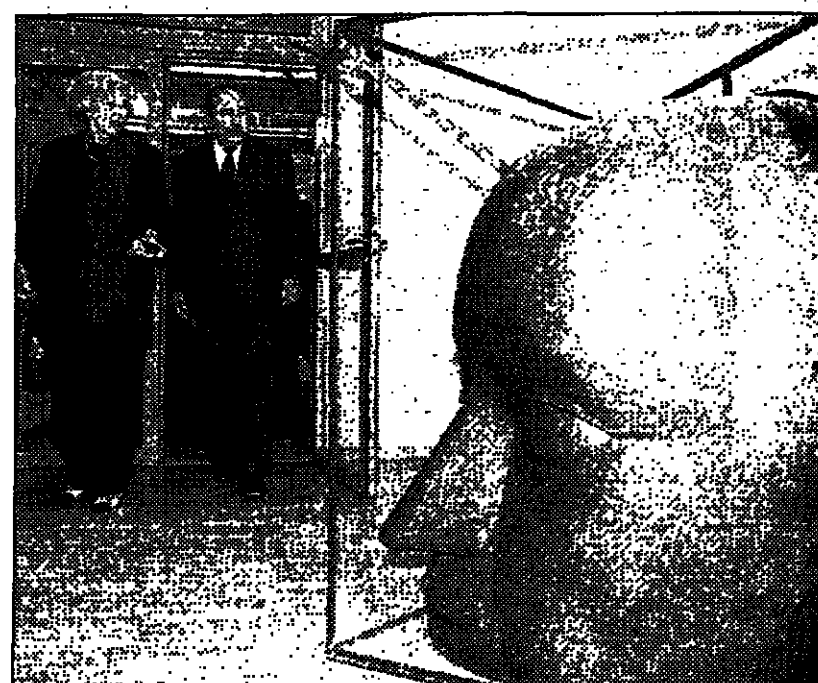
NEW YORK — Eleven-year-old Jasmine Holmes had heard the stories before — about how her great-great-grandfather fought with the 369th Harlem Hellfighters on the front lines during World War I.

To Jasmine, Corporal Herbert Young was always a hero. On Monday, the 112-year-old retired mechanic's service in France was feted with the country's highest award — the Legion of Honor cross — at a ceremony at the French Consulate in Manhattan. The consulate also honored another sprightly Manhattan centenarian, Private Robert Thomas, a 103-year-old former construction worker.

Both were named knights in the National Order of the Legion of Honor. President Jacques Chirac of France told President Bill Clinton last June that he wanted to give the cross to as many surviving World War I veterans as possible to commemorate the 80th anniversary of the war's end.

of Balloch near Crieff in Perthshire, according to evidence uncovered by Robert Torrens, a local historian. Torrens found an account in a book published more than a century ago of how a laborer named William Bayne left Balloch shortly after the failure of the Jacobite rebellion of 1745. Bayne and his family were shipwrecked in a storm and landed in Corsica, according to Torrens. "They were known as Bayne, or Buon, and his party," he told The Daily Telegraph. "In course of time, his sons were called Buon-de-party. His grandson was named Buon-de-party and now figures in history as the great Napoleon."

Dozens of previously unknown works composed by Edvard Grieg during the mid-19th century have been discovered by a German musicologist. Joachim Dorfmueller, president of the German Grieg Society, found them recently in three forgotten study books stored in a safe. A few of the organ and piano works will have their world premieres March 5 and 6 in Leipzig, Germany, where Grieg wrote the pieces.



A HEAD OF THE TIMES — Claude Pompidou, wife of the late former French president, and President Jacques Chirac visiting the "Georges Pompidou et la Modernité" exhibition at the Jeu de Paume gallery in Paris.



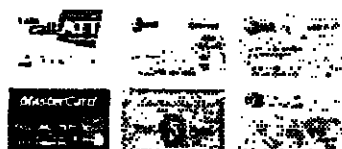
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